



HORNBAACH-Baumarkt-Aktiengesellschaft

(a stock corporation incorporated under the laws of the Federal Republic of Germany,
having its corporate domicile in Bornheim, Federal Republic of Germany)

Euro [●] [●]% Notes due 2020

ISIN DE000A1R02E0, Common Code 088625617, WKN A1R02E

unconditionally and irrevocably guaranteed by

HORNBAACH International GmbH

(a German limited liability company incorporated under the laws of the Federal Republic of Germany,
having its corporate domicile in Bornheim, Federal Republic of Germany)

HORNBAACH-Baumarkt-Aktiengesellschaft, Bornheim, Federal Republic of Germany (the "**Issuer**") will issue on or about 15 February 2013 (the "**Issue Date**") Euro [●] % Notes due 2020 (the "**Notes**") in the denomination of EUR 1,000 each. The Notes will bear interest from and including 15 February 2013 to, but excluding, 15 February 2020 at a rate of [●] % *per annum*, payable annually in arrears on 15 February in each year, commencing on 15 February 2014.

The Notes will be redeemed on 15 February 2020.

The payments of all amounts due in respect of the Notes will be unconditionally and irrevocably guaranteed by HORNBAACH International GmbH (the "**Guarantor**") (the "**Guarantee**").

This prospectus (the "**Prospectus**") constitutes a prospectus within the meaning of Article 5.4 of the Directive 2003/71/EC of the European Parliament and the Council of 4 November, 2003 as amended by Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010 (the "**Prospectus Directive**"). This Prospectus will be published in electronic form together with all documents incorporated by reference on the website of the Luxembourg Stock Exchange (www.bourse.lu). This Prospectus has been approved by the *Commission de Surveillance du Secteur Financier* of the Grand Duchy of Luxembourg (the "**CSSF**") in its capacity as competent authority under the Luxembourg law relating to prospectuses (*Loi relative aux prospectus pour valeurs mobilières*), which implements the Prospectus Directive. By approving this Prospectus, the CSSF gives no undertaking as to the economic and financial soundness of the transaction and the quality or solvency of the Issuer in line with the provisions of article 7 (7) of the Luxembourg law relating to prospectuses. The Issuer has requested the CSSF to provide the competent authority in the Federal Republic of Germany ("**Germany**") and the Republic of Austria ("**Austria**") with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Luxembourg law relating to prospectuses for securities (the "**Notification**").

Application has been made to list the Notes on the official list of the Luxembourg Stock Exchange and admit the Notes to trading on the regulated market of the Luxembourg Stock Exchange, a market appearing on the list of regulated markets issued by the E.C. pursuant to Directive 2004/39/EC of 21 April 2004 on markets in financial instruments.

The rating agency Moody's Investors Service, Inc. ("**Moody's**") has assigned the rating Ba2 to the Issuer (outlook positive) and the rating agency Standard & Poor's Credit Market Services Europe Limited ("**Standard & Poor's**") has assigned the rating BB+ to the Issuer (outlook stable). A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating organisation. Moody's and Standard & Poor's are established in the European Community and are registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, amended by Regulation (EC) No 513/2011 of the European Parliament and of the Council of 11 March 2011 (the "**CRA Regulation**"). The European Securities and Markets Authority publishes on its website (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) a list of credit rating agencies registered in accordance with the CRA Regulation.

The final offer price and amount, the interest rate, the issue proceeds, and the yield of the issue will be included in the Pricing Notice (as defined in "SUBSCRIPTION, SALE AND OFFER OF THE NOTES" below) which will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu) on or prior to the Issue Date of the Notes.

Joint Lead Managers

Commerzbank

HSBC

UniCredit Bank

RESPONSIBILITY STATEMENT

Each of the Issuer and the Guarantor with its registered office in Germany accept responsibility for the information contained in this Prospectus and hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its importance.

Each of the Issuer and the Guarantor further confirm that (i) this Prospectus contains all information with respect to the Issuer and the Guarantor and its subsidiaries and affiliates taken as a whole (the "**HORNBACH Baumarkt Group**" or the "**Group**") and to the Notes which is material in the context of the issue and offering of the Notes, including all information which, according to the particular nature of the Issuer and the Guarantor and of the Notes is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and the HORNBACH Baumarkt Group and of the rights attached to the Notes; (ii) the statements contained in this Prospectus relating to the Issuer, the Guarantor, the HORNBACH Baumarkt Group and the Notes are in every material particular true and accurate and not misleading; (iii) there are no other facts in relation to the Issuer, the Guarantor, the HORNBACH Baumarkt Group or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in the Prospectus misleading in any material respect; and (iv) reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements.

NOTICE

No person is authorised to give any information or to make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Issuer, the Guarantor or the Joint Lead Managers (as defined in "SUBSCRIPTION, SALE AND OFFER OF THE NOTES"). Neither the delivery of this Prospectus nor any offering, sale or delivery of any Notes made hereunder shall, under any circumstances, create any implication (i) that the information in this Prospectus is correct as of any time subsequent to the date hereof or, as the case may be, subsequent to the date on which this Prospectus has been most recently amended, or supplemented, or (ii) that there has been no adverse change in the financial situation of the Issuer or the Guarantor which is material in the context of the issue and sale of the Notes since the date of this Prospectus or, as the case may be, the date on which this Prospectus has been most recently amended or supplemented, or the balance sheet date of the most recent financial statements which are deemed to be incorporated into this Prospectus by reference or (iii) that any other information supplied in connection with the issue of the Notes is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Neither the Joint Lead Managers nor any other person mentioned in this Prospectus, except for the Issuer, is responsible for the information contained in this Prospectus or any other document incorporated herein by reference, and accordingly, and to the extent permitted by the laws of any relevant jurisdiction, none of these persons accepts any responsibility for the accuracy and completeness of the information contained in any of these documents. The Joint Lead Managers have not independently verified any such information and accept no responsibility for the accuracy thereof.

Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Issuer and the Guarantor. This Prospectus does not constitute an offer of Notes or an invitation by or on behalf of the Issuer or the Joint Lead Managers to purchase any Notes. Neither this Prospectus nor any other information supplied in connection with the Notes should be considered as a recommendation by the Issuer, the Guarantor or the Joint Lead Managers to a recipient hereof and thereof that such recipient should purchase any Notes.

This Prospectus does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

The offer, sale and delivery of the Notes and the distribution of this Prospectus in certain jurisdictions is restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. In particular, the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and are subject to U.S. tax law requirements. Subject to certain limited exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons.

For a further description of certain restrictions on offerings and sales of the Notes and distribution of this Prospectus (or of any part thereof) see "SUBSCRIPTION, SALE AND OFFER OF THE NOTES - Selling Restrictions".

The legally binding language of this Prospectus is English. Any part of the Prospectus in the German language constitutes a translation, except for the conditions of issue of the Notes (the "**Conditions of Issue**") in respect of which German is the legally binding language.

IN CONNECTION WITH THE ISSUE OF THE NOTES, COMMERZBANK AKTIENGESELLSCHAFT (OR PERSONS ACTING ON ITS BEHALF) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT COMMERZBANK AKTIENGESELLSCHAFT (OR PERSONS ACTING ON ITS BEHALF) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN AT ANY TIME AFTER THE ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE DATE OF THE RECEIPT OF THE PROCEEDS OF THE ISSUE BY THE ISSUER AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. SUCH STABILISING SHALL BE IN COMPLIANCE WITH ALL LAWS, DIRECTIVES, REGULATIONS AND RULES OF ANY RELEVANT JURISDICTION.

CONSENT TO THE USE OF THE PROSPECTUS

Each further financial intermediary subsequently reselling or finally placing the Notes is entitled to use the Prospectus in Luxembourg, Germany and Austria for the subsequent resale or final placement of the Notes during the period from 6 February 2013 to 1 March 2013 during which subsequent resale or final placement of the Notes can be made, provided however, that the Prospectus is still valid in accordance with Article 11 of the Luxembourg act relating to prospectuses for securities (*Loi relative aux prospectus pour valeurs mobilières*) which implements Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (as amended by Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010). The Issuer accepts responsibility for the information given in this Prospectus also with respect to such subsequent resale or final placement of the Notes.

The Prospectus may only be delivered to potential investors together with all supplements published before such delivery. Any supplement to the Prospectus will be available for viewing in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu).

When using the Prospectus, each relevant further financial intermediary must make certain that it complies with all applicable laws and regulations in force in the respective jurisdictions.

In the event of an offer being made by a further financial intermediary, the further financial intermediary shall provide information to investors on the terms and conditions of the Notes at the time of that offer.

Any further financial intermediary using the Prospectus shall state on its website that it uses the Prospectus in accordance with the consent of the Issuer and the conditions attached to this consent.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain forward-looking statements. A forward-looking statement is a statement that does not relate to historical facts and events. They are based on analyses or forecasts of future results and estimates of amounts not yet determinable or foreseeable. These forward-looking statements are identified by the use of terms and phrases such as "*anticipate*", "*believe*", "*could*", "*estimate*", "*expect*", "*intend*", "*may*", "*plan*", "*predict*", "*project*", "*will*" and similar terms and phrases, including references and assumptions. This applies, in particular, to statements in this Prospectus containing information on future earning capacity, plans and expectations regarding HORNBAACH Baumarkt Group's business and management, its growth and profitability, and general economic and regulatory conditions and other factors that affect it.

Forward-looking statements in this Prospectus are based on current estimates and assumptions that the Issuer and the Guarantor make to the best of its present knowledge. These forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results, including HORNBAACH Baumarkt Group's financial condition and results of operations, to differ materially from and be worse than results that have expressly or implicitly been assumed or described in these forward-looking statements. HORNBAACH Baumarkt Group's business is also subject to a number of risks and uncertainties that could cause a forward-looking statement, estimate or prediction in this Prospectus to become inaccurate. Accordingly, investors are strongly advised to read the following sections of this Prospectus: "*RISK FACTORS*", "*GENERAL INFORMATION ABOUT THE ISSUER AND ITS GROUP*". These sections include more detailed descriptions of factors that might have an impact on HORNBAACH Baumarkt Group's business and the markets in which it operates.

In light of these risks, uncertainties and assumptions, future events described in this Prospectus may not occur. In addition, neither the Issuer nor the Guarantor nor the Joint Lead Managers assume any obligation, except as required by law, to update any forward-looking statement or to conform these forward-looking statements to actual events or developments.

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SUMMARY

Summaries are made up of disclosure requirements known as "*Elements*". These elements are numbered in Sections A – E (A.1 – E.7).

This summary (the "**Summary**") contains all the Elements required to be included in a summary for this type of Notes and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the Summary because of the type of Notes and Issuer, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included in the Summary with the mention of "*not applicable*".

Element	Section A – Introduction and warnings
A.1	<p>Warning that:</p> <ul style="list-style-type: none"> ▪ this Summary should be read as an introduction to the Prospectus; ▪ any decision to invest in the Notes should be based on consideration of the Prospectus as a whole by the investor; ▪ where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus, before the legal proceedings are initiated; and ▪ civil liability attaches only to the Issuer which has tabled the Summary including any translation thereof, but only if the Summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Notes.
A.2	<p>Each further financial intermediary subsequently reselling or finally placing the Notes is entitled to use the Prospectus for the subsequent resale or final placement of the Notes during the period for the subsequent resale or final placement of the Notes from 6 February 2013 to 1 March 2013, provided however, that the Prospectus is still valid in accordance with Article 11 of the Luxembourg act relating to prospectuses for securities (<i>Loi relative aux prospectus pour valeurs mobilières</i>) which implements Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (as amended by Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010).</p> <p>The Prospectus may only be delivered to potential investors together with all supplements published before such delivery. Any supplement to the Prospectus will be available for viewing in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu).</p> <p>When using the Prospectus, each relevant further financial intermediary must make certain that it complies with all applicable laws and regulations in force in the respective jurisdictions.</p> <p>In the event of an offer being made by a further financial intermediary, the further financial intermediary shall provide information to investors on the terms and conditions of the Notes at the time of that offer.</p>

Element	Section B – Issuer and any guarantor																							
B.1	Legal and commercial name	HORNBACH-Baumarkt-Aktiengesellschaft																						
B.2	Domicile / Legal form / Legislation / Country of incorporation	HORNBACH-Baumarkt-AG is a stock corporation (<i>Aktiengesellschaft</i>) incorporated under the laws of the Federal Republic of Germany and domiciled in Bornheim, Germany.																						
B.4b	Known trends affecting the Issuer and the industries in which it operates	The Issuer's business development is affected by macroeconomic, sectoral and corporate strategic factors. The developments of the labour market, wages, inflation, as well as of consumer confidence and demand are amongst the most important macroeconomic framework conditions. In the course of the 2012/2013 financial year, the effects of the European debt crisis have resulted in a deterioration of consumer climate particularly in those countries outside Germany where HORNBACH Baumarkt Group operates. In contrast, the trends for sectoral and corporate strategic factors have not materially changed.																						
B.5	Description of the Group and the Issuer's position within the Group	HORNBACH-Baumarkt-Aktiengesellschaft is a part of the HORNBACH HOLDING Group, whose parent company is HORNBACH HOLDING AG. HORNBACH Baumarkt Group is the largest operative sub-Group of the HORNBACH HOLDING Group.																						
B.9	Profit forecast or estimate	Not applicable. No profit forecast or estimate is made.																						
B.10	Nature of any qualifications in the audit report on historical financial information	Not applicable. The auditor issued an unqualified opinion on the consolidated financial statements of the Issuer for the financial years ended on 28 February 2011 and 29 February 2012.																						
B.12	<p>Selected historical key financial information</p> <p>The following tables set out the key financial information regarding the HORNBACH Baumarkt Group extracted from the audited consolidated financial statements for the financial year ending on 28 February 2011 and 29 February 2012 as well as the unaudited interim consolidated accounts for the first nine months of the financial year 2012/13 as of 30 November 2012.</p> <table border="1" data-bbox="336 1541 1382 2018"> <thead> <tr> <th data-bbox="336 1541 608 1711">Key figures (in EUR million, unless otherwise stated) **</th> <th data-bbox="608 1541 815 1711">9 months ended 30 November 2012</th> <th data-bbox="815 1541 1023 1711">9 months ended 30 November 2011</th> <th data-bbox="1023 1541 1214 1711">Financial year ended 29 February 2012</th> <th data-bbox="1214 1541 1382 1711">Financial year ended 28 February 2011</th> </tr> </thead> <tbody> <tr> <td data-bbox="336 1711 608 1765">Net sales</td> <td data-bbox="608 1711 815 1765">2,428</td> <td data-bbox="815 1711 1023 1765">2,409</td> <td data-bbox="1023 1711 1214 1765">3,001</td> <td data-bbox="1214 1711 1382 1765">2,836</td> </tr> <tr> <td data-bbox="336 1765 608 1912">Of which: in other European countries</td> <td data-bbox="608 1765 815 1912">1,032</td> <td data-bbox="815 1765 1023 1912">1,025</td> <td data-bbox="1023 1765 1214 1912">1,272</td> <td data-bbox="1214 1765 1382 1912">1,195</td> </tr> <tr> <td data-bbox="336 1912 608 2018">Like-for-like sales growth</td> <td data-bbox="608 1912 815 2018">-0.8%</td> <td data-bbox="815 1912 1023 2018">2.9%</td> <td data-bbox="1023 1912 1214 2018">2.8%</td> <td data-bbox="1214 1912 1382 2018">2.6%</td> </tr> </tbody> </table>				Key figures (in EUR million, unless otherwise stated) **	9 months ended 30 November 2012	9 months ended 30 November 2011	Financial year ended 29 February 2012	Financial year ended 28 February 2011	Net sales	2,428	2,409	3,001	2,836	Of which: in other European countries	1,032	1,025	1,272	1,195	Like-for-like sales growth	-0.8%	2.9%	2.8%	2.6%
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Gross margin as % of net sales	37.3%	37.4%	37.4%	37.4%
EBITDA *	174.9	194.9	184.3	172.6
Earnings before interest and taxes (EBIT)	133.1	154.3	128.4	119.1
Consolidated earnings before taxes	114.6	137.7	106.5	102.0
Consolidated net income	82.1	100.9	77.4	75.7
Basic/diluted earnings per share (EUR)	2.58	3.17	2.43	2.38
Investments	90.9	73.1	103.7	67.9
Key figures (in EUR million, unless otherwise stated) **	30 November 2012	29 February 2012	28 February 2011	
Total assets	1,723.1	1,628.1	1,591.7	
Shareholders' equity	856.0	792.0	729.9	
Shareholders' equity as % of total assets	49.7%	48.6%	45.9%	
* EBITDA = Earnings before interest, taxes, depreciation and amortisation.				
** Rounding up or down may lead to discrepancies between percentages and totals. Calculation of percentage figures based on EUR '000.				
Prospects of the Issuer				
<p>There has been a material adverse change in the prospects of HORNBACH Baumarkt Group since 29 February 2012. Due to the unfavourable macroeconomic framework in Europe and the deterioration in consumer confidence in the second half of the financial year 2012/2013, HORNBACH Baumarkt Group lowered the sales and earnings forecast for the current 2012/2013 financial year. Full-year consolidated sales of HORNBACH Baumarkt Group for the financial year 2012/2013 are expected at around the previous year's figure of EUR 3.0 billion and operating earnings (EBIT) are expected to fall short of the figure of EUR 128 million reported for the 2011/2012 financial year. Previously, the target was to generate sales growth in a low single-digit percentage range. In December 2012 sales declined from 222.0 million to EUR 218.1 million. Consolidated net income for the month December declined from EUR 0.7 million in December 2011 to EUR -5.4 million in December 2012 and Equity from EUR 856.0 as of 30 November 2012 to EUR 851.6 million as of 31 December 2012.</p>				

	Significant change in the financial and trading position	
	There has been no significant change in the financial or trading position of HORNBAACH Baumarkt Group since 30 November 2012.	
B.13	Recent events	The Issuer has terminated its EUR 250 million 6 1/8% Senior Notes due 15 November 2014 for early redemption on 25 February 2013 at a redemption price of 100% of the principal amount.
B.14	Statement of dependency upon other entities within the group	The Issuer is dependent on its parent company HORNBAACH HOLDING AG.
B.15	Principal activities	<p>HORNBAACH Baumarkt Group is one of the leading European do-it-yourself ("DIY") retailers, with a particular focus on the operation of DIY megastores combined with garden centres with a sales area of more than 10,000 m² per megastore and similar store layouts and product portfolios, which are located in urban areas with major catchment areas. HORNBAACH Baumarkt Group's sales strategy and product range targets the needs of DIY customers engaged in DIY projects as well as professional customers and offers its customers a broad range of products available consistently and of qualitatively high value, at permanently low prices, as well as a broad range of specialist advice and customer services.</p> <p>The product range offered by HORNBAACH Baumarkt Group in each of its stores extends, on average, to over 50,000 products in stock and covers all the products areas which are relevant for HORNBAACH Baumarkt Group's primary target customers, the DIY project customers who plan to undertake a large construction or renovation project, or trade professionals. HORNBAACH Baumarkt Group's product range includes tools and hardware, building materials, bathroom fittings and tiles, paint, wall and floor coverings and garden products.</p> <p>As of the date of this Prospectus, HORNBAACH Baumarkt Group operates 138 large DIY stores with garden centres, with an aggregate sales area of approximately 1,600,000 m² in nine countries, of which 92 stores are in Germany and 46 of which are in other European countries.</p> <p>As of 30 November 2012, HORNBAACH Baumarkt Group employed a workforce of 14,201 employees.</p>
B.16	Major shareholders	<p>HORNBAACH-Baumarkt-Aktiengesellschaft is controlled by its parent company HORNBAACH HOLDING AG which directly holds 76.4% of the shares in HORNBAACH-Baumarkt-Aktiengesellschaft. The British DIY retailer, Kingfisher plc, with whom there has been a strategic alliance since 2002, directly holds 5.2% of the shares in HORNBAACH-Baumarkt-Aktiengesellschaft. The remaining 18.4% of the shares in HORNBAACH-Baumarkt-Aktiengesellschaft are held in free float.</p> <p>HORNBAACH-Baumarkt-Aktiengesellschaft is indirectly controlled by Hornbach Familientreuhand GmbH which</p>

		holds 75% (minus two shares) of the ordinary shares of HORNBAACH HOLDING AG. In addition to its direct holding in HORNBAACH-Baumarkt-Aktiengesellschaft, Kingfisher plc. has an indirect holding in the Issuer through its participation in HORNBAACH HOLDING AG of 25% (plus two shares) of the ordinary shares of HORNBAACH HOLDING AG.
B.17	Credit ratings of the Issuer or its debt securities	The rating agency Moody's Investors Service, Inc. (" Moody's ") ¹ has assigned the rating Ba2 ² to the Issuer (outlook positive), and the rating agency Standard & Poor's Credit Market Services Europe Limited (" Standard & Poor's ") ³ has assigned the rating BB+ ² to the Issuer (outlook stable).
B.18	Nature and scope of the Guarantee	<p>The Notes issued by HORNBAACH-Baumarkt-Aktiengesellschaft will have the benefit of a Guarantee (the "Guarantee") given by HORNBAACH International GmbH (the "Guarantor").</p> <p>The Guarantee constitutes an irrevocable, unsecured and unsubordinated obligation of the Guarantor ranking <i>pari passu</i> with all other unsecured and unsubordinated obligations of the Guarantor. The terms of the Guarantee contain a negative pledge of the Guarantor. The Guarantee will be governed by German law. The Guarantee constitutes a contract for the benefit of the Noteholders from time to time as third party beneficiaries pursuant to section 328 paragraph 1 of the German Civil Code (<i>Bürgerliches Gesetzbuch – BGB</i>).</p> <p>The enforcement of the Guarantee is limited by virtue of specific limitation language in the Guarantee reflecting the requirement under the capital maintenance rules imposed by sections 30 and 31 of the German GmbH-Act (<i>Gesetz betreffend die Gesellschaften mit beschränkter Haftung</i>). These limitations will, to the extent applicable, restrict the right to receive payment under the Guarantee and will limit the claim accordingly irrespective of the granting of the Guarantee.</p>
B.19	Information about the Guarantor	

¹ Moody's is established in the European Community and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, amended by Regulation (EC) No 513/2011 of the European Parliament and of the Council of 11 March 2011 (the "**CRA Regulation**"). The European Securities and Markets Authority publishes on its website (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) a list of credit rating agencies registered in accordance with the CRA Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 CRA Regulation. The European Commission shall publish that updated list in the Official Journal of the European Union within 30 days following such update.

² A credit rating assesses the creditworthiness of an entity and informs an investor therefore about the probability of the entity being able to redeem invested capital. It is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

³ Standard & Poor's is established in the European Community and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, amended by Regulation (EC) No 513/2011 of the European Parliament and of the Council of 11 March 2011 (the "**CRA Regulation**"). The European Securities and Markets Authority publishes on its website (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) a list of credit rating agencies registered in accordance with the CRA Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 CRA Regulation. The European Commission shall publish that updated list in the Official Journal of the European Union within 30 days following such update.

B.19-B.1	Legal and commercial name	HORNBACH International GmbH		
B.19-B.2	Domicile / Legal form / Legislation / Country of incorporation	HORNBACH International GmbH is a limited liability company (<i>Gesellschaft mit beschränkter Haftung</i>) incorporated under the laws of the Federal Republic of Germany and is domiciled in Bornheim, Germany.		
B.19-B.4b	Known trends affecting the Guarantor and the industries in which it operates	Like in the case of the Issuer, the Guarantor's business development is affected by macroeconomic, sectoral and corporate strategic factors. The developments of the labour market, wages, inflation, as well as of consumer confidence and demand are amongst the most important macroeconomic framework conditions. In the course of the 2012/2013 financial year, the effects of the European debt crisis have resulted in a deterioration of consumer climate particularly in those countries outside Germany where HORNBACH Baumarkt Group operates. In contrast, the trends for sectoral and corporate strategic factors have not materially changed.		
B.19-B.5	Description of the Group and the Guarantor's position within the Group	HORNBACH International GmbH is a wholly-owned (100%) subsidiary of HORNBACH-Baumarkt-Aktiengesellschaft.		
B.19-B.9	Profit forecast or estimate	Not applicable. No profit forecast or estimate is made.		
B.19-B.10	Nature of any qualifications in the audit report on historical financial information	Not applicable. The auditor issued an unqualified opinion on the financial statements of the Guarantor for the financial years ended on 28 February 2011 and 29 February 2012.		
B.19-B.12	Selected historical key financial information			
	The following table sets out selected financial information of HORNBACH International GmbH extracted from the audited financial statements for the financial years ending on 28 February 2011 and 29 February 2012 and the unaudited interim accounts for the first nine months of the financial year 2012/2013 as of 30 November 2012.			
	Key figures	9 months ended	Financial year ended	Financial year ended
	Balance Sheet			
	(in EUR thousand)	30 November 2012	29 February 2012	28 February 2011
	Non-current assets	93,379	93,351	109,644
	Current assets	12,675	12,686	2,070
	Equity	106,019	106,019	25,584
	Provisions and Liabilities	35	18	86,130

	Key figures Profit and loss account (in EUR thousand)	9 months ended 30 November 2012	9 months ended 30 November 2011	Financial year ended 29 February 2012	Financial year ended 28 February 2011
	Results from participations	41,916	33,232	33,323	22,134
	Results from ordinary business activities	42,449	32,719	16,757	21,588
	Profit transferred due to profit and loss transfer agreement	-42,449	-32,719	-16,757	-21,588
	Annual net profit	0	0	0	0
	Prospects of the Guarantor				
	Like in the case of the Issuer, there has been a material adverse change in the prospects of HORNBAACH International GmbH since 29 February 2012. Sales and earnings of HORNBAACH Baumarkt Group (including HORNBAACH International GmbH and its subsidiaries) for the current 2012/2013 financial year are expected to be lower than previously targeted due to the unfavourable macroeconomic framework in Europe and the deterioration in consumer confidence in the second half of the financial year 2012/2013. Full-year consolidated sales of HORNBAACH Baumarkt Group for the financial year 2012/2013 are expected at around the previous year's figure of EUR 3.0 billion and operating earnings (EBIT) are expected to fall short of the record figure of EUR 128 million reported for the 2011/2012 financial year. Previously, the target was to generate sales growth in a low single-digit percentage range. In December 2012 sales declined from 222.0 million to EUR 218.1 million. Consolidated net income for the month December declined from EUR 0.7 million in December 2011 to EUR -5.4 million in December 2012 and Equity from EUR 856.0 as of 30 November 2012 to EUR 851.6 million as of 31 December 2012.				
	Significant change in the financial and trading position				
	There has been no significant change in the financial or trading position of HORNBAACH International GmbH since 30 November 2012.				
B.19- B.13	Recent events	Not applicable. There are no recent events particular to the Guarantor which are to a material extent relevant to the evaluation of the Guarantor's solvency.			
B.19- B.14	Statement of dependency upon other entities within the group	The Guarantor is dependent on its parent company HORNBAACH-Baumarkt-Aktiengesellschaft.			
B.19- B.15	Principal activities	HORNBAACH International GmbH serves as a holding company for its subsidiaries which operate HORNBAACH Baumarkt Group's DIY stores in European countries outside Germany.			
B.19- B.16	Major shareholder	HORNBAACH International GmbH is controlled by its parent company HORNBAACH-Baumarkt-Aktiengesellschaft which directly holds 100% of the shares in HORNBAACH International GmbH. HORNBAACH International GmbH is indirectly controlled by HORNBAACH HOLDING AG,			

		being the controlling shareholder of HORNBACH-Baumarkt-Aktiengesellschaft, and the Hornbach Familientreuhand GmbH as the controlling shareholder of HORNBACH HOLDING AG. HORNBACH International GmbH is indirectly also owned by Kingfisher plc, being a shareholder of HORNBACH-Baumarkt-Aktiengesellschaft and HORNBACH HOLDING AG.
B.19- B.17	Credit ratings of the Guarantor or its debt securities	Not applicable. The Guarantor is not rated.

Element	Section C – Securities	
C.1	Class and type of the Notes / ISIN	Class The Notes are unsubordinated and unsecured.
		Fixed Rate Notes The Notes bear a fixed interest income throughout the entire term of the Notes.
		ISIN DE000A1R02E0
C.2	Currency	The Notes are issued in Euro.
C.5	Restrictions on free Transferability	Not applicable. The Notes are freely transferable.
C.8	Rights attached to the Notes (including limitations to those rights and ranking of the Notes)	Early redemption for taxation reasons Early redemption of the Notes for reasons of taxation will be permitted, if as a result of any change in, or amendment to, the laws or regulations (including any amendment to, or change in, an official interpretation or application of such laws or regulations) of Germany or any political subdivision or taxing authority thereto or therein affecting taxation or the obligation to pay duties of any kind, the Issuer will become obligated to pay additional amounts on the Notes, all as more fully set out in the Conditions of Issue.
		Early redemption for reasons of a change of control in respect of the Issuer If a Put Event occurs, each Noteholder will have the option to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note at its principal amount together with interest accrued to but excluding the date of redemption or purchase.
		Early redemption in an event of default (including the cross default) The Notes provide for events of default (including the cross default) entitling Noteholders to demand immediate redemption of Notes at their principal amount together with accrued interest to the date of repayment.
		Status of the Notes The obligations under the Notes constitute unsecured and unsubordinated obligations of the Issuer ranking <i>pari passu</i> among themselves and <i>pari passu</i> with all other unsecured

		and unsubordinated obligations of the Issuer, unless such obligations are accorded priority under mandatory provisions of statutory law.
		<p>Negative pledge</p> <p>The Conditions of Issue contain a negative pledge clause as described in detail therein.</p>
		<p>Resolutions of Holders</p> <p>In accordance with the German Act on Debt Securities of 2009 (<i>Schuldverschreibungsgesetz – "SchVG"</i>) the Notes contain provisions pursuant to which Noteholders may agree by resolution to amend the Conditions of Issue (with the consent of the Issuer) and to decide upon certain other matters regarding the Notes. Resolutions of Noteholders properly adopted, either in a meeting of Noteholders or by vote taken without a meeting in accordance with the Conditions of Issue, are binding upon all Noteholders. Resolutions providing for material amendments to the Conditions of Issue require a majority of not less than 75% of the votes cast. Resolutions regarding other amendments are passed by a simple majority of the votes cast.</p>
		<p>Noteholders' Representative</p> <p>In accordance with the SchVG the Notes provide that the Noteholders may by majority resolution appoint a representative for all Noteholders (the "Noteholders' Representative"). The responsibilities and functions assigned to the Noteholders' Representative appointed by a resolution are determined by the SchVG and by majority resolutions of the Noteholders.</p>
		<p>Governing Law</p> <p>The Notes will be governed by German law.</p>
		<p>Jurisdiction</p> <p>Non-exclusive place of jurisdiction for any legal proceedings arising under the Notes is Frankfurt am Main.</p>
C.9	Please see Element C.8.	
	Interest rate	[●]% per annum
	Interest commencement date	15 February 2013 Subject to market conditions, the Issue Date may be postponed up to two weeks. Prospective investors will be informed of such postponement.
	Interest payment dates	15 February in each year
	Underlying on which interest rate is based	Not applicable. The interest rate is not based on an underlying.
	Maturity date including repayment procedures	Redemption at par on 15 February 2020
		Payment of principal in respect of Notes shall be made to the Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System.
	Indication of yield	[●]% per annum

	Name of representative of the Holders	Not applicable. A representative of the Noteholders is not initially appointed. The Notes provide that the Noteholders may by majority resolution appoint a representative
C.10	Please see Element C.9.	
	Explanation how the value of the investment is affected in the case the Notes have a derivative component in the interest payment	Not applicable. The Notes have no derivative component.
C.11	Admission to listing and to trading on a regulated market or equivalent market / Indication of the market where the Notes will be traded and for which the Prospectus has been published	Application has been made for admission to trading of the Notes on the regulated market of the Luxembourg Stock Exchange and for listing of the Notes on the official list of the Luxembourg Stock Exchange.

Element	Section D – Risks	
D.2	Key information on the key risks that are specific to the Issuer	<p>The following contains a summary of certain risks specific to the Issuer and the HORNBAACH Baumarkt Group which may materially adversely affect the business, financial position and results of operations of the Issuer and its ability to meet its obligations under the Notes:</p> <ul style="list-style-type: none"> - HORNBAACH Baumarkt Group operates in highly competitive markets. Some of HORNBAACH Baumarkt Group's competitors are larger than HORNBAACH Baumarkt Group, or are divisions or subsidiaries of larger corporations, and are more established or have greater financial or other resources than HORNBAACH Baumarkt Group does. - If HORNBAACH Baumarkt Group's competitors intensify their aggressive discount campaigns or extend these to a wider range of products or if consumers may become even more price-conscious due to a deterioration of the general economic climate, HORNBAACH Baumarkt Group may not be able to maintain its permanent low price strategy. - HORNBAACH Baumarkt Group's expansion is capital intensive and may not be successful. - HORNBAACH Baumarkt Group is subject to price increases in the rental property markets and from the various utility providers, and increases in local taxes and assessments, in the areas in which HORNBAACH Baumarkt Group operates. - HORNBAACH Baumarkt Group's results of operations are affected by the prevailing economic climate, levels of unemployment, salaries, wage rates,

		<p>availability of consumer credit, consumer confidence, demographic developments and consumer perception of economic conditions.</p> <ul style="list-style-type: none"> - HORNBACH Baumarkt Group may not be able to accurately predict customer preferences or demand. - HORNBACH Baumarkt Group's business is seasonal and can be adversely affected by sustained periods of abnormal weather or unseasonal conditions. - HORNBACH Baumarkt Group's success depends in part on the continued services of key members of its management team and on HORNBACH Baumarkt Group's ability to continue to attract, motivate and retain highly qualified employees. - HORNBACH Baumarkt Group may encounter supply shortages and other supply difficulties if HORNBACH Baumarkt Group's existing suppliers were unable or unwilling to continue to supply HORNBACH Baumarkt Group, or if they are willing to do so only at higher prices or on commercially unfavourable terms. - HORNBACH Baumarkt Group may face increasing prices of raw materials and energy if HORNBACH Baumarkt Group is unable pass on increased procurement and energy costs to its customers, or only following a certain delay. - HORNBACH Baumarkt Group depends on four facilities for distribution of its products to its stores. Interruptions at either facility or to HORNBACH Baumarkt Group's existing supply chain could have a material adverse effect on HORNBACH Baumarkt Group's operations. - Prolonged disruptions of business operations due to work stoppages or strikes could adversely affect HORNBACH Baumarkt Group's business. - Compliance with or changes in the regulatory environment could adversely affect HORNBACH Baumarkt Group's business. - HORNBACH Baumarkt Group is exposed to transaction risk resulting from fluctuations in currency exchange rates because HORNBACH Baumarkt Group sources, directly or indirectly, a portion of its products internationally. - The presently prevailing low interest rates may rise considerably in the future, which would substantially increase HORNBACH Baumarkt Group's financing costs. - HORNBACH Baumarkt Group may no longer be able to obtain long-term financing for its investments for growth from banks or via sale and leaseback transactions if financing conditions on the capital markets change. HORNBACH Baumarkt Group is generally exposed to risks of financial losses in connection with financial investments and derivative financial instruments.
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		<ul style="list-style-type: none"> - Complaints or litigation from customers and other third parties could adversely affect HORNBACH Baumarkt Group. - In the event that a product series proves to be defective, it may be necessary for HORNBACH Baumarkt Group to carry out a product recall and to pay the costs of procuring defect-free replacement products. - Existing insurance coverage may turn out to be inadequate. - Third parties can create operational risks for HORNBACH Baumarkt Group through, inter alia, corruption or money laundering. - Inability to update its information technology and/or a disruption in its information technology systems could adversely affect HORNBACH Baumarkt Group's operations. - Any negative impact on the reputation of, and value associated with, HORNBACH Baumarkt Group's name, could adversely affect HORNBACH Baumarkt Group's business. - HORNBACH Baumarkt Group is controlled by certain shareholders whose interests may, in certain circumstances, differ from the interests of the Noteholders.
	<p>Key information on the key risks that are specific to the Guarantor</p>	<p>The following contains a summary of certain risks specific to the Guarantor and its subsidiaries and affiliates taken as a whole (the "HORNBACH International Group") which may adversely affect the business, financial condition, results of operations and cash flow of the Guarantor and its ability to perform its obligations under the Guarantee.</p> <ul style="list-style-type: none"> - According to the Control and Profit and Loss Transfer Agreement which the Guarantor has concluded with the Issuer, the Issuer is entitled to issue directions to the Guarantor's management and the Guarantor is obliged to transfer its entire profits to the Issuer. - HORNBACH International Group operates in highly competitive markets. Some of HORNBACH International Group's competitors are larger than HORNBACH International Group, or are divisions or subsidiaries of larger corporations, and are more established or have greater financial or other resources than HORNBACH International Group does. - If HORNBACH International Group's competitors intensify their aggressive discount campaigns or extend these to a wider range of products or if consumers may become even more price-conscious due to a deterioration of the general economic climate, HORNBACH International Group may not be able to maintain its permanent low price strategy. - HORNBACH International Group's expansion is

		<p>capital intensive and may not be successful.</p> <ul style="list-style-type: none"> - HORNBACH International Group is subject to price increases in the rental property markets and from the various utility providers, and increases in local taxes and assessments, in the areas in which HORNBACH International Group operates. - HORNBACH International Group's results of operations are affected by the prevailing economic climate, levels of unemployment, salaries, wage rates, availability of consumer credit, consumer confidence, demographic developments and consumer perception of economic conditions. - HORNBACH International Group may not be able to accurately predict customer preferences or demand. - HORNBACH International Group's business is seasonal and can be adversely affected by sustained periods of abnormal weather or unseasonal conditions. - HORNBACH International Group's success depends in part on the continued services of key members of its management team and on HORNBACH International Group's ability to continue to attract, motivate and retain highly qualified employees. - HORNBACH International Group may encounter supply shortages and other supply difficulties if HORNBACH International Group's existing suppliers were unable or unwilling to continue to supply HORNBACH International Group, or if they are willing to do so only at higher prices or on commercially unfavourable terms. - HORNBACH International Group may face increasing prices of raw materials and energy if HORNBACH International Group is unable pass on increased procurement and energy costs to its customers, or only following a certain delay. - HORNBACH International Group depends on four facilities for distribution of its products to its stores. Interruptions at either facility or to HORNBACH International Group's existing supply chain could have a material adverse effect on HORNBACH International Group's operations. - Prolonged disruptions of business operations due to work stoppages or strikes could adversely affect HORNBACH International Group's business. - Compliance with or changes in the regulatory environment could adversely affect HORNBACH International Group's business. - Due to its international business, HORNBACH International Group is exposed to transaction risk resulting from fluctuations in currency exchange rates. - The presently prevailing low interest rates may rise considerably in the future, which would substantially
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		<p>increase HORNBAACH International Group's financing costs.</p> <ul style="list-style-type: none"> - HORNBAACH International Group may no longer be able to obtain long-term financing for its investments for growth from banks or via sale and leaseback transactions if financing conditions on the capital markets change. HORNBAACH International Group is generally exposed to risks of financial losses in connection with financial investments and derivative financial instruments. - Complaints or litigation from customers and other third parties could adversely affect HORNBAACH International Group. - In the event that a product series proves to be defective, it may be necessary for HORNBAACH International Group to carry out a product recall and to pay the costs of procuring defect-free replacement products. - Existing insurance coverage may turn out to be inadequate. - Third parties can create operational risks for HORNBAACH International Group through, inter alia, corruption or money laundering. - Inability to update its information technology and/or a disruption in its information technology systems could adversely affect HORNBAACH International Group's operations. - Any negative impact on the reputation of, and value associated with, HORNBAACH International Group's name, could adversely affect HORNBAACH International Group's business. - HORNBAACH International Group is controlled by certain shareholders whose interests may, in certain circumstances, differ from the interests of the Noteholders. - The financial statements of HORNBAACH International GmbH included in this Prospectus are unconsolidated and are therefore not comparable with the consolidated financial statements of HORNBAACH-Baumarkt-Aktiengesellschaft.
D.3	Key information on the key risks that are specific to the securities	<p>An investment in the Notes involves certain risks associated with the characteristics of the Notes which could lead to substantial losses that Noteholders would have to bear in the case of selling their Notes or with regard to receiving interest payments and repayment of principal. Those risks include the following:</p> <ul style="list-style-type: none"> - The Notes may not be a suitable investment for all investors. - The Notes will be redeemed on 15 February 2020. The Noteholders have no right to call for their redemption except upon the occurrence of a Put Event or an Event of Default.

		<ul style="list-style-type: none"> - The Notes will be structurally subordinated to financial obligations of the Guarantor's subsidiaries. - Limitations on the enforceability of the Guarantee may adversely affect the validity of the Notes. - The Notes and the Guarantee will be effectively subordinated to the Issuer's and the Guarantor's debt to the extent such debt is secured. - There is no restriction on the amount of debt which the Issuer may incur in the future. - Prior to the issue, there has been no public market for the Notes and there can be no assurance that a liquid secondary market for the Notes will develop or, if it does develop, that it will continue; in an illiquid market, an investor might not be able to sell his Notes at any time at fair market prices. - The Holders are exposed to the risk of an unfavourable development of market prices of the Notes as a result of changes in market interest rates. - The market value of the Notes could decrease if creditworthiness of HORNBACH Baumarkt Group worsens. - The euro denominated Notes could represent a currency risk for a Noteholder if the euro represents a foreign currency to such Noteholder; in addition governments and competent authorities could impose exchange controls in the future. - A Noteholder is subject to the risk to be outvoted and to loose rights towards the Issuer against his will in the case that Noteholders agree pursuant to the Conditions of Issue to amendments of the Conditions of Issue by majority vote according to the Law on Debt Securities (<i>Schuldverschreibungsgesetz 2009</i>). In the case of an appointment of a Noteholders' representative for all Noteholders a particular Noteholder may lose, in whole or in part, the possibility to enforce and claim his rights against the Issuer regardless of other Noteholders. <p>The realisation of any of the risks described above may affect the Issuer's ability to fulfil its payment obligations under the Notes and/or lead to a decline in the market price of the Notes.</p>
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Element	Section E – Offer	
E.2b	Reasons for the offer and use of proceeds when different from making profit and/or hedging certain risks	General corporate purposes, refinancing. Estimated total expenses of the issue: ● Estimated net proceeds of the issue: ●
E.3	A description of the terms and conditions	Joint Lead Managers: Commerzbank Aktiengesellschaft

	<p>of the offer</p>	<p>HSBC Bank plc UniCredit Bank AG</p> <p>Aggregate Principal Amount: EUR [●]</p> <p>Issue Price: [●]%</p> <p>Offer Period and determination of Pricing Details The Notes will be offered to investors by the Joint Lead Managers during an offer period which will commence on or about 6 February 2013 and will be open until 1 March 2013 subject to shortening or extension. On the basis of the orders received by the Joint Lead Managers the Issue Price, the rate of interest, the number of notes to be issued, the aggregate principal amount and the yield of the issue will be determined on the pricing date which is expected to be on or about 6 February 2013 and will be communicated to investors. The results of the offer will be included in a notification which will be filed with the CSSF and published on the website of the Luxembourg Stock Exchange (www.bourse.lu) after the date of pricing and prior to the Issue Date (the "Pricing Notice"). Should the Issuer and the Joint Lead Managers determine any shortening or extension of the offer period, which could be the result of changing market conditions, such changes will be published in the same manner as the pricing details.</p> <p>Public Offer The Notes will be sold to institutional investors and retail investors in compliance with the public offer restrictions in all countries in the European Union. A public offer will be made in Luxembourg, Germany and Austria.</p> <p>Conditions and technical details of the Offer There are no conditions to which the offer is subject. Any offer to purchase Notes to investors will be made through, and investors may submit their offers to buy Notes, using the information system Bloomberg or any other commonly used information systems. Following the publication of the Pricing Notice the Joint Lead Managers will offer the Notes upon request through banking institutions. Subscription rights for the Notes will not be issued. Any investor who has submitted an order in relation to the Notes whose order is accepted will receive a confirmation relating to the respective allotment of Notes. Before an investor receives a confirmation from the Joint Lead Managers that its purchase order for the Notes has been accepted, the investor may reduce or withdraw its purchase orders. There is no minimum or maximum amount of Notes to be purchased. Investors may place offers to purchase Notes in any amount.</p> <p>Confirmation in relation to an order and allotments as well as delivery of the Notes Following the pricing of the Notes and confirmation which orders have been accepted and which amounts have been allotted to particular investors delivery and payment of the Notes will be made within five business days after the date of pricing of the Notes and the confirmation of the allotment to</p>
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		<p>investors. The Notes will be delivered via book-entry through the Clearing System and its account holding banks against payment of the Issue Price.</p> <p>Method of determination of the Issue Price and the rate of interest</p> <p>The rate of interest and the Issue Price for the Notes will be determined at the time of pricing on the basis of a yield which is determined by adding a credit spread to the level of the Midswaps at the time of pricing. The pricing spread will be determined on the basis of the orders of the investors which are received by the Joint Lead Managers during the offer period.</p>
E.4	Any interest that is material to the issue/offer including conflicting interests	Not applicable. So far as the Issuer is aware, no person involved in the offer of the Notes is subject to any conflict of interest material to the offer.
E.7	Estimated expenses charged to the investor by the issuer or the offeror	Not applicable. No expenses will be charged to investors by the Issuer or the Joint Lead Managers.

GERMAN TRANSLATION OF THE SUMMARY

ZUSAMMENFASSUNG

Zusammenfassungen sind zusammengesetzt aus Offenlegungspflichten, die als "*Punkte*" bekannt sind. Diese Punkte sind in die Abschnitte A – E (A.1 – E.7) nummeriert.

Diese Zusammenfassung (die "**Zusammenfassung**") enthält alle Punkte, die in eine Zusammenfassung für diese Art von Schuldverschreibungen und diese Emittentin aufzunehmen sind. Da einige Punkte nicht zu berücksichtigen sind, kann die Nummerierung Lücken aufweisen.

Auch wenn ein Punkt wegen der Art der Schuldverschreibungen und der Emittentin in die Zusammenfassung aufgenommen werden muss, ist es möglich, dass bezüglich dieses Punktes keine relevante Information gegeben werden kann. In einem solchen Fall ist in der Zusammenfassung eine kurze Beschreibung des Punktes unter Bezeichnung als "*nicht anwendbar*" enthalten.

Punkt	Abschnitt A – Einleitung und Warnhinweise
A.1	<p><u>Warnhinweis, dass</u></p> <ul style="list-style-type: none"> ▪ die Zusammenfassung als Einleitung zum Prospekt verstanden werden sollte; ▪ sich der Anleger bei jeder Entscheidung in die Schuldverschreibungen zu investieren, auf den Prospekt als Ganzen stützen sollte; ▪ ein Anleger, der wegen der in dem Prospekt enthaltenen Angaben Klage einreichen will, nach den nationalen Rechtsvorschriften seines Mitgliedstaats möglicherweise für die Übersetzung des Prospekts aufkommen muss, bevor das Verfahren eingeleitet werden kann; und ▪ zivilrechtlich nur die Emittentin haftet, die die Zusammenfassung samt etwaiger Übersetzungen vorgelegt und übermittelt hat, und dies auch nur für den Fall, dass die Zusammenfassung verglichen mit den anderen Teilen des Prospekts irreführend, unrichtig oder inkohärent ist oder verglichen mit den anderen Teilen des Prospekts wesentliche Angaben, die in Bezug auf Anlagen in die Schuldverschreibungen für die Anleger eine Entscheidungshilfe darstellen, vermissen lassen.
A.2	<p>Jeder weitere Finanzintermediär, der die emittierten Schuldverschreibungen nachfolgend weiter verkauft oder endgültig platziert, ist berechtigt, den Prospekt für den späteren Weiterverkauf oder die endgültige Platzierung der Schuldverschreibungen während des Zeitraums vom 6. Februar 2013 bis 1. März 2013 für den späteren Weiterverkauf oder die endgültige Platzierung zu verwenden, vorausgesetzt jedoch, dass der Prospekt in Übereinstimmung mit Artikel 11 des Luxemburger Wertpapierprospektgesetzes (<i>Loi relative aux prospectus pour valeurs mobilières</i>), welches die Richtlinie 2003/71/EG des Europäischen Parlaments und des Rates vom 4. November 2003 (geändert durch Richtlinie 2010/73/EU des Europäischen Parlaments und des Rates vom 24. November 2010) umsetzt, noch gültig ist.</p> <p>Der Prospekt darf potentiellen Investoren nur zusammen mit sämtlichen bis zur Übergabe veröffentlichten Nachträgen übergeben werden. Jeder Nachtrag zum Prospekt kann in elektronischer Form auf der Internetseite der Wertpapierbörse Luxemburg (www.bourse.lu) eingesehen werden.</p> <p>Bei der Nutzung des Prospektes hat jeder jeweiliger weiterer Finanzintermediär sicherzustellen, dass er alle anwendbaren, in den jeweiligen Jurisdiktionen geltenden Gesetze und Rechtsvorschriften beachtet.</p> <p>Für den Fall, dass ein weiterer Finanzintermediär ein Angebot macht, informiert dieser weitere Finanzintermediär die Anleger zum Zeitpunkt der Angebotsvorlage über die Angebotsbedingungen der Schuldverschreibungen.</p>

Punkt	Abschnitt B – Emittent und etwaige Garantiegeber																							
B.1	Gesetzliche und kommerzielle Bezeichnung	HORNBACH-Baumarkt-Aktiengesellschaft																						
B.2	Sitz / Rechtsform / geltendes Recht/ Land der Gründung	Die HORNBACH-Baumarkt-Aktiengesellschaft ist eine Gesellschaft nach deutschem Recht und hat ihren Sitz in Bornheim, Deutschland.																						
B.4b	Bereits bekannte Trends, die sich auf die Emittentin und die Branchen, in denen sie tätig ist, auswirken	Auf die Geschäftsentwicklung der Emittentin wirken sich gesamtwirtschaftliche, branchenspezifische sowie unternehmensstrategische Einflussfaktoren aus. Zu den wichtigsten gesamtwirtschaftlichen Rahmenbedingungen zählen die Entwicklungen des Arbeitsmarkts, der Löhne und der Inflation sowie des Konsumentenvertrauens und der Konsumnachfrage. Die Auswirkungen der Euro-Staatsschuldenkrise haben im Verlauf des Geschäftsjahres 2012/2013 zu einer Eintrübung des Konsumklimas insbesondere im Verbreitungsgebiet der HORNBACH Baumarkt Gruppe außerhalb Deutschlands geführt. Dagegen ergeben sich hinsichtlich der branchenspezifischen und strategischen Faktoren im Wesentlichen keine veränderten Trends.																						
B.5	Beschreibung der Gruppe und der Stellung der Emittentin innerhalb dieser Gruppe	Die Emittentin ist Teil des HORNBACH HOLDING AG Konzerns, dessen Muttergesellschaft die HORNBACH HOLDING AG ist. Die HORNBACH Baumarkt Gruppe ist der größte operative Teilkonzern des HORNBACH HOLDING Konzerns; HORNBACH Baustoff Union GmbH und HORNBACH Immobilien AG sind weitere Teilkonzerne.																						
B.9	Gewinnprognosen oder -schätzungen	Entfällt. Es wird keine Gewinnprognose oder –schätzung getätigt.																						
B.10	Art etwaiger Beschränkungen im Bestätigungsvermerk zu den historischen Finanzinformationen	Entfällt. Der Abschlussprüfer hat jeweils einen uneingeschränkten Bestätigungsvermerk zu den Konzernabschlüssen der Emittentin für die am 28. Februar 2011 und am 29. Februar 2012 abgeschlossenen Geschäftsjahre erteilt.																						
B.12	<p>Ausgewählte wesentliche historische Finanzinformationen</p> <p>Die nachstehenden Tabellen enthalten die wesentlichen Finanzdaten der HORNBACH Baumarkt Gruppe, die den geprüften Konzernabschlüssen für die am 28. Februar 2011 und am 29. Februar 2012 abgeschlossenen Geschäftsjahre sowie dem ungeprüften Konzernzwischenabschluss für die ersten neun Monate des Geschäftsjahrs 2012/2013 zum 30. November 2012 entnommen wurden:</p> <table border="1" data-bbox="347 1659 1385 2022"> <thead> <tr> <th data-bbox="347 1659 703 1760">Kennzahlen (in Mio. EUR, soweit nicht anders angegeben) **</th> <th data-bbox="703 1659 879 1760">9 Monate zum 30.11.2012</th> <th data-bbox="879 1659 1054 1760">9 Monate zum 30.11.2011</th> <th data-bbox="1054 1659 1230 1760">Geschäftsjahr zum 29.2.2012</th> <th data-bbox="1230 1659 1385 1760">Geschäftsjahr zum 28.2.2011</th> </tr> </thead> <tbody> <tr> <td data-bbox="347 1794 703 1827">Nettoumsatz</td> <td data-bbox="703 1794 879 1827">2.428</td> <td data-bbox="879 1794 1054 1827">2.409</td> <td data-bbox="1054 1794 1230 1827">3.001</td> <td data-bbox="1230 1794 1385 1827">2.836</td> </tr> <tr> <td data-bbox="347 1861 703 1917">Davon im europäischen Ausland</td> <td data-bbox="703 1861 879 1917">1.032</td> <td data-bbox="879 1861 1054 1917">1.025</td> <td data-bbox="1054 1861 1230 1917">1.272</td> <td data-bbox="1230 1861 1385 1917">1.195</td> </tr> <tr> <td data-bbox="347 1951 703 2022">Flächenbereinigtes Umsatzwachstum</td> <td data-bbox="703 1951 879 2022">-0,8%</td> <td data-bbox="879 1951 1054 2022">2,9%</td> <td data-bbox="1054 1951 1230 2022">2,8%</td> <td data-bbox="1230 1951 1385 2022">2,6%</td> </tr> </tbody> </table>				Kennzahlen (in Mio. EUR, soweit nicht anders angegeben) **	9 Monate zum 30.11.2012	9 Monate zum 30.11.2011	Geschäftsjahr zum 29.2.2012	Geschäftsjahr zum 28.2.2011	Nettoumsatz	2.428	2.409	3.001	2.836	Davon im europäischen Ausland	1.032	1.025	1.272	1.195	Flächenbereinigtes Umsatzwachstum	-0,8%	2,9%	2,8%	2,6%
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	Handelsspanne (in % vom Nettoumsatz)	37,3%	37,4%	37,4%	37,4%
	EBITDA *	174,9	194,9	184,3	172,6
	Betriebsergebnis (EBIT)	133,1	154,3	128,4	119,1
	Konzernergebnis vor Steuern vom Einkommen und vom Ertrag	114,6	137,7	106,5	102,0
	Periodenergebnis	82,1	100,9	77,4	75,7
	Ergebnis je Aktie (unverwässert/verwässert in EUR)	2,58	3,17	2,43	2,38
	Investitionen	90,9	73,1	103,7	67,9
	Kennzahlen (in Mio. EUR, soweit nicht anders angegeben) **	30.11.2012	29.2.2012	28.2.2011	
	Bilanzsumme	1.723,1	1.628,1	1.591,7	
	Eigenkapital	856,0	792,0	729,9	
	Eigenkapital in % der Bilanzsumme	49,7%	48,6%	45,9%	
	* EBITDA = Ergebnis vor Zinsen, Steuern und Abschreibungen.				
	** Bei Prozentangaben und Zahlen können Rundungsdifferenzen auftreten. Prozentangaben sind auf Basis TEUR gerechnet.				
	Aussichten der Emittentin				
	Die Aussichten der Emittentin haben sich seit dem 29. Februar 2012 wesentlich verschlechtert. Wegen der ungünstigen konjunkturellen Rahmenbedingungen in Europa und der Konsumeintrübung im zweiten Halbjahr des Geschäftsjahrs 2012/2013 hat die HORNBACH Baumarkt Gruppe ihre Umsatz- und Ertragsprognose für das laufende Geschäftsjahr 2012/2013 gesenkt. Es wird erwartet, dass der Konzernumsatz der HORNBACH Baumarkt Gruppe im Gesamtjahr 2012/2013 auf dem Vorjahresniveau von EUR 3,0 Mrd. liegen und das Betriebsergebnis (EBIT) im Geschäftsjahr 2012/2013 das Niveau des Geschäftsjahrs 2011/2012 in Höhe von EUR 128 Mio. unterschreiten wird. Zuvor war die Zielmarke ein Umsatzwachstum im unteren einstelligen Prozentbereich. Im Dezember 2012 haben sich die Umsatzerlöse gegenüber dem Vorjahresmonat von EUR 222,0 Mio. auf EUR 218,1 Mio. verringert. Das konsolidierte Ergebnis im Monat Dezember verringerte sich von EUR 0,7 Mio im Dezember 2011 auf EUR -5,1 Mio. im Dezember 2012 und das Eigenkapital von EUR 856,0 Mio. (Stand 30. November 2012) auf EUR 851,6 Mio. (Stand 31. Dezember 2012).				
	Signifikante Veränderungen in der Finanzlage oder Handelsposition				
	Seit dem 30. November 2012 hat es keine signifikanten Änderungen der Finanzlage oder Handelsposition der HORNBACH Baumarkt Gruppe gegeben.				
B.13	Letzte Entwicklungen	Die Emittentin hat ihre am 15. November 2014 zur			

		Rückzahlung fällige EUR 250 Mio. 6 1/8% Senior Notes zur vorzeitigen Rückzahlung am 25. Februar 2013 zu 100% des Nennbetrags gekündigt.
B.14	Angabe zur Abhängigkeit von anderen Unternehmen innerhalb der Gruppe	Die Emittentin ist von ihrer Muttergesellschaft HORNBACH HOLDING AG abhängig.
B.15	Haupttätigkeiten	<p>Die HORNBACH Baumarkt Gruppe ist eines der führenden europäischen Do-it-yourself („DIY“) Einzelhandelsunternehmen, mit einem besonderen Schwerpunkt auf dem Betrieb von DIY Megastores mit angeschlossenem Gartencenter, die sich durch eine Verkaufsfläche von mehr als 10.000 m² je Megastore sowie ein gleiches Erscheinungsbild und Produktsortiment auszeichnen und in Stadtgebieten mit großen Einzugsgebieten angesiedelt sind. Das Verkaufskonzept und die Produktpalette der HORNBACH Baumarkt Gruppe sind auf die Bedürfnisse von DIY Projektkunden sowie professionellen Kunden ausgerichtet und bietet den Kunden ein breites und ständig verfügbares Sortiment an qualitativ hochwertigen Produkten zu dauerhaft niedrigen Preisen sowie ein großes Angebot an Beratungs- und Serviceleistungen.</p> <p>Das von der HORNBACH Baumarkt Gruppe in jeder Filiale angebotene Produktsortiment erstreckt sich durchschnittlich auf über 50.000 vorrätige Produkte und deckt alle Produktbereiche ab, die für die HORNBACH Baumarkt Gruppe primäre Kundenzielgruppe der DIY Projektkunden, die größere Bau- oder Renovierungsmaßnahmen vorhaben, sowie für professionelle Handwerker relevant sind. Die Produktpalette von der HORNBACH Baumarkt Gruppe umfasst Werkzeuge und Geräte, Baumaterialien, Badezimmereinrichtungen, Farbe, Wand- und Bodenverkleidungen sowie Gartenartikel.</p> <p>Aktuell betreibt die HORNBACH Baumarkt Gruppe 138 großflächige Baumärkte mit Gartencenter mit einer Gesamtverkaufsfläche von rund 1.600.000 m² in neun Ländern. 92 Filialen befinden sich in Deutschland und 46 in anderen europäischen Ländern.</p> <p>Zum 30. November 2012 beschäftigte die HORNBACH Baumarkt Gruppe 14.201 Mitarbeiter.</p>
B.16	Hauptanteilseigner	<p>Die HORNBACH-Baumarkt-Aktiengesellschaft wird durch ihre Muttergesellschaft, die HORNBACH HOLDING AG kontrolliert, die unmittelbar 76,4% der Aktien der HORNBACH-Baumarkt-Aktiengesellschaft hält. Das britische DIY-Einzelhandelsunternehmen Kingfisher plc, mit dem seit 2002 eine strategische Allianz besteht, hält unmittelbar 5,2% der Aktien der HORNBACH-Baumarkt-Aktiengesellschaft. Die übrigen 18,4% der Aktien der HORNBACH-Baumarkt-Aktiengesellschaft befinden sich im Streubesitz.</p> <p>Die HORNBACH-Baumarkt-Aktiengesellschaft wird mittelbar durch die Hornbach Familientreuhand GmbH kontrolliert, die 75% (minus 2 Aktien) der Stammaktien der HORNBACH HOLDING AG hält. Kingfisher plc hält zusätzlich zu ihrer direkten Beteiligung an der HORNBACH-Baumarkt-</p>

		Aktiengesellschaft eine mittelbare Beteiligung durch ihren Anteil von 25% (plus 2 Aktien) der Stammaktien der HORNBAACH HOLDING AG.
B.17	Kreditratings der Emittentin oder ihrer Schuldtitel	Der HORNBAACH-Baumarkt-Aktiengesellschaft wurde von Moody's Investors Service Ltd. (" Moody's ") ⁴ ein Ba2 ⁵ Rating (Ausblick positiv) und von Standard & Poor's Credit Market Services Europe Limited (" Standard & Poor's ") ⁶ das langfristige Kreditrating BB+ ⁵ (Ausblick stabil) erteilt.
B.18	Art und Umfang der Garantie	<p>Die von der HORNBAACH-Baumarkt-Aktiengesellschaft begebenen Schuldverschreibungen profitieren von einer Garantie (die "Garantie") der HORNBAACH International GmbH (der "Garantin").</p> <p>Die Garantie begründet eine unwiderrufliche, nicht besicherte und nicht nachrangige Verpflichtung der Garantin, die mit allen sonstigen unbesicherten und nicht nachrangigen Verpflichtungen der Garantin im gleichen Rang steht. Die Bedingungen der Garantie enthalten eine Negativverpflichtung der Garantin. Die Garantie unterliegt deutschem Recht. Die Garantie ist ein Vertrag zu Gunsten der Gläubiger der Schuldverschreibungen als begünstigte Dritte gemäß § 328 Absatz 1 BGB.</p> <p>Die Durchsetzung von Ansprüchen aus der Garantie gegenüber der Garantin in der Rechtsform einer Gesellschaft mit beschränkter Haftung unterliegt bestimmten Durchsetzungsbeschränkungen zur Erhaltung des Stammkapitals gemäß §§ 30, 31 GmbH-Gesetz.</p>
B.19	Angaben zur Garantin	
B.19-B.1	Gesetzliche und kommerzielle Bezeichnung	HORNBAACH International GmbH
B.19-B.2	Sitz / Rechtsform / geltendes Recht/ Land der Gründung	Die HORNBAACH International GmbH ist eine Gesellschaft nach deutschem Recht und hat ihren Sitz in Bornheim, Deutschland.
B.19-	Bereits bekannte Trends, die	Wie im Falle der Emittentin wirken sich auf die

⁴ Moody's hat seinen Sitz in der Europäischen Gemeinschaft und ist gemäß der Verordnung (EG) Nr. 1060/2009 des Europäischen Parlaments und des Rates vom 16. September 2009 über Ratingagenturen, geändert durch Verordnung (EU) Nr. 513/2011 des Europäischen Parlaments und des Rates vom 11. März 2011, (die "**Ratingagentur-Verordnung**"), registriert. Die Europäische Wertpapier- und Marktaufsichtsbehörde veröffentlicht auf ihrer Webseite (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) ein Verzeichnis der nach der Ratingagentur-Verordnung registrierten Ratingagenturen. Dieses Verzeichnis wird innerhalb von fünf Werktagen nach Annahme eines Beschlusses gemäß Artikel 16, 17 oder 20 der Ratingagentur-Verordnung aktualisiert. Die Europäische Kommission veröffentlicht das aktualisierte Verzeichnis im Amtsblatt der Europäischen Union innerhalb von 30 Tagen nach der Aktualisierung.

⁵ Ein Kreditrating ist eine Einschätzung der Kreditwürdigkeit einer Rechtsperson und informiert den Anleger daher über die Wahrscheinlichkeit, mit der die Rechtsperson in der Lage ist, angelegtes Kapital zurückzuzahlen. Es ist keine Empfehlung Wertpapiere zu kaufen, zu verkaufen oder zu halten und kann jederzeit durch die Ratingagentur geändert oder zurückgenommen werden.

⁶ Standard & Poor's hat seinen Sitz in der Europäischen Gemeinschaft und ist gemäß der Verordnung (EG) Nr. 1060/2009 des Europäischen Parlaments und des Rates vom 16. September 2009 über Ratingagenturen, geändert durch Verordnung (EU) Nr. 513/2011 des Europäischen Parlaments und des Rates vom 11. März 2011, (die "**Ratingagentur-Verordnung**"), registriert. Die Europäische Wertpapier- und Marktaufsichtsbehörde veröffentlicht auf ihrer Webseite (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) ein Verzeichnis der nach der Ratingagentur-Verordnung registrierten Ratingagenturen. Dieses Verzeichnis wird innerhalb von fünf Werktagen nach Annahme eines Beschlusses gemäß Artikel 16, 17 oder 20 der Ratingagentur-Verordnung aktualisiert. Die Europäische Kommission veröffentlicht das aktualisierte Verzeichnis im Amtsblatt der Europäischen Union innerhalb von 30 Tagen nach der Aktualisierung.

B.4b	sich auf die Garantin und die Branchen, in denen er tätig ist, auswirken	Geschäftsentwicklung der Garantin gesamtwirtschaftliche, branchenspezifische sowie unternehmensstrategische Einflussfaktoren aus. Zu den wichtigsten gesamtwirtschaftlichen Rahmenbedingungen zählen die Entwicklungen des Arbeitsmarkts, der Löhne und der Inflation sowie des Konsumentenvertrauens und der Konsumnachfrage. Die Auswirkungen der Euro-Staatsschuldenkrise haben im Verlauf des Geschäftsjahres 2012/2013 zu einer Eintrübung des Konsumklimas insbesondere im Verbreitungsgebiet von der HORNBACH Baumarkt Gruppe außerhalb Deutschlands geführt. Dagegen ergeben sich hinsichtlich der branchenspezifischen und strategischen Faktoren im Wesentlichen keine veränderten Trends.																																					
B.19-B.5	Beschreibung der Gruppe und der Stellung der Garantin innerhalb dieser Gruppe	Die HORNBACH International GmbH ist eine hundertprozentige Tochtergesellschaft der HORNBACH-Baumarkt-Aktiengesellschaft.																																					
B.19-B.9	Gewinnprognosen oder -schätzungen	Entfällt. Es wird keine Gewinnprognose oder -schätzung getätigt.																																					
B.19-B.10	Art etwaiger Beschränkungen im Bestätigungsvermerk zu den historischen Finanzinformationen	Entfällt. Der Abschlussprüfer hat jeweils einen uneingeschränkten Bestätigungsvermerk zu den Jahresabschlüssen der Garantin für die am 28. Februar 2011 und am 29. Februar 2012 abgeschlossenen Geschäftsjahre erteilt.																																					
B.19-B.12	<p>Ausgewählte wesentliche historische Finanzinformationen</p> <p>Die nachstehende Tabelle enthält die wesentlichen Finanzdaten der HORNBACH International GmbH, die den geprüften Jahresabschlüssen für die am 28. Februar 2011 und am 29. Februar 2012 abgeschlossenen Geschäftsjahre sowie dem ungeprüften Zwischenabschluss für die ersten neun Monate des Geschäftsjahrs 2012/2013 zum 30. November 2012 entnommen wurden:</p> <table border="1" data-bbox="339 1328 1378 1989"> <thead> <tr> <th>Kennzahlen Bilanz (in TEUR)</th> <th>9 Monate zum 30.11.2012</th> <th>Geschäftsjahr zum 29.2.2012</th> <th colspan="2">Geschäftsjahr zum</th> </tr> </thead> <tbody> <tr> <td>Anlagevermögen</td> <td>93.379</td> <td>93.351</td> <td colspan="2">109.644</td> </tr> <tr> <td>Umlaufvermögen</td> <td>12.675</td> <td>12.686</td> <td colspan="2">111.714</td> </tr> <tr> <td>Eigenkapital</td> <td>106.019</td> <td>106.019</td> <td colspan="2">25.584</td> </tr> <tr> <td>Rückstellungen und Verbindlichkeiten</td> <td>35</td> <td>18</td> <td colspan="2">86.130</td> </tr> <tr> <td>Kennzahlen Gewinn und Verlustrechnung (in TEUR)</td> <td>9 Monate zum 30.11.2012</td> <td>9 Monate zum 30.11.2011</td> <td>Geschäftsjahr zum 29.2.2012</td> <td>Geschäftsjahr zum 28.2.2011</td> </tr> <tr> <td>Beteiligungsergebnis</td> <td>41.916</td> <td>33.232</td> <td>33.232</td> <td>22.134</td> </tr> </tbody> </table>				Kennzahlen Bilanz (in TEUR)	9 Monate zum 30.11.2012	Geschäftsjahr zum 29.2.2012	Geschäftsjahr zum		Anlagevermögen	93.379	93.351	109.644		Umlaufvermögen	12.675	12.686	111.714		Eigenkapital	106.019	106.019	25.584		Rückstellungen und Verbindlichkeiten	35	18	86.130		Kennzahlen Gewinn und Verlustrechnung (in TEUR)	9 Monate zum 30.11.2012	9 Monate zum 30.11.2011	Geschäftsjahr zum 29.2.2012	Geschäftsjahr zum 28.2.2011	Beteiligungsergebnis	41.916	33.232	33.232	22.134
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	Ergebnis der gewöhnlichen Geschäftstätigkeit	42.449	32.719	16.757	21.588
	Aufgrund eines Ergebnisabführungsvertrags abgeführter Gewinn	-42.449	-32.719	-16.757	- 21.588
	Jahresüberschuss	0	0	0	0
	<p>Aussichten der Garantin</p> <p>Wie im Falle der Emittentin haben sich die Aussichten der Garantin seit dem 29. Februar 2012 wesentlich verschlechtert. Es wird erwartet, dass Umsatz und Ertrag der HORNBACH Baumarkt Gruppe (einschließlich der Garantin und ihrer Tochtergesellschaften) im laufenden Geschäftsjahr 2012/2013 niedriger ausfallen als zunächst erwartet. Wegen der ungünstigen konjunkturellen Rahmenbedingungen in Europa und der Konsumeintrübung im zweiten Halbjahr des Geschäftsjahrs 2012/2013 hat die HORNBACH Baumarkt Gruppe ihre Umsatz- und Ertragsprognose für das laufende Geschäftsjahr 2012/2013 gesenkt. Im Dezember 2012 haben sich die Umsatzerlöse gegenüber dem Vorjahresmonat von EUR 222,0 Mio. auf EUR 218,1 Mio. verringert. Das konsolidierte Ergebnis im Monat Dezember verringerte sich von EUR 0,7 Mio im Dezember 2011 auf EUR -5,1 Mio. im Dezember 2012 und das Eigenkapital von EUR 856,0 Mio (Stand 30. November 2012) auf EUR 851,6 Mio. (Stand 31. Dezember 2012).</p>				
	<p>Signifikante Veränderungen in der Finanzlage oder Handelsposition</p> <p>Seit dem 30. November 2012 hat es keine signifikanten Änderungen der Finanzlage oder Handelsposition der HORNBACH International GmbH gegeben.</p>				
B.19-B.13	Letzte Entwicklungen	Entfällt. Es gibt keine Ereignisse aus der jüngsten Zeit der Geschäftstätigkeit der Garantin, die für die Bewertung ihrer Zahlungsfähigkeit in hohem Maße relevant sind.			
B.19-B.14	Angabe zur Abhängigkeit von anderen Unternehmen innerhalb der Gruppe	Die Garantin ist von ihrer Muttergesellschaft HORNBACH-Baumarkt-Aktiengesellschaft abhängig.			
B.19-B.15	Haupttätigkeiten	Die HORNBACH International GmbH ist eine Holding-Gesellschaft für ihre Tochtergesellschaften, die DIY-Märkte der HORNBACH Baumarkt Gruppe in europäischen Ländern außerhalb Deutschlands betreiben.			
B.19-B.16	Hauptanteilseigner	<p>Die HORNBACH International GmbH wird durch ihre Muttergesellschaft, die HORNBACH-Baumarkt-Aktiengesellschaft kontrolliert, die unmittelbar 100% der Anteile der HORNBACH International GmbH hält.</p> <p>Die HORNBACH International GmbH wird mittelbar durch die HORNBACH HOLDING AG, die die kontrollierende Anteilseignerin der HORNBACH-Baumarkt-Aktiengesellschaft ist, sowie die Hornbach Familientreuhand GmbH als kontrollierender Anteilseignerin der HORNBACH HOLDING AG kontrolliert. Kingfisher plc ist als Anteilseigner der HORNBACH-Baumarkt-Aktiengesellschaft und der HORNBACH HOLDING</p>			

		AG ebenfalls mittelbar an der HORNBACH International GmbH beteiligt.
B.19- B.17	Kreditratings der Emittentin oder ihrer Schuldtitel	Entfällt. Für die Garantin wurde kein Rating erstellt.

Punkt	Abschnitt C – Wertpapiere	
C.1	Gattung und Art der Schuldverschreibungen / ISIN	Gattung Die Schuldverschreibungen sind nicht nachrangig und nicht besichert.
		Fest verzinsliche Schuldverschreibungen Die Schuldverschreibungen verbriefen einen festen Zinsertrag über die gesamte Laufzeit der Schuldverschreibungen.
		ISIN DE000A1R02E0
C.2	Währung	Die Schuldverschreibungen sind in Euro begeben.
C.5	Beschränkungen der freien Übertragbarkeit	Entfällt. Die Schuldverschreibungen sind frei übertragbar.
C.8	Rechte, die mit den Schuldverschreibungen verbunden sind (einschließlich Beschränkungen dieser Rechte und Rang der Schuldverschreibungen)	Vorzeitige Rückzahlung aus Steuergründen Die vorzeitige Rückzahlung der Schuldverschreibungen aus steuerlichen Gründen ist zulässig, falls als Folge einer Änderung oder Ergänzung der Steuer- oder Abgabengesetze oder Vorschriften (einschließlich jeder Änderung oder Ergänzung der Anwendung oder der offiziellen Auslegung dieser Gesetze oder Vorschriften) der Bundesrepublik Deutschland oder deren politischen Untergliederungen oder Steuerbehörden, die Emittentin zur Zahlung zusätzlicher Beträge auf die Schuldverschreibungen verpflichtet ist, wie im Einzelnen in den Anleihebedingungen beschrieben.
		Vorzeitige Rückzahlung bei Eintritt eines Kontrollwechsels bei der Emittentin Wenn ein Rückzahlungsereignis eintritt, wird jeder Gläubiger das Recht haben, von der Emittentin die Rückzahlung oder, nach Wahl der Emittentin, den Ankauf seiner Schuldverschreibungen durch die Emittentin (oder auf ihre Veranlassung durch einen Dritten) zum Nennbetrag zuzüglich bis zum Rückzahlungstag (ausschließlich) aufgelaufener Zinsen zu verlangen.
		Vorzeitige Rückzahlung bei Eintritt eines Kündigungsereignisses (einschließlich Drittverzug) Die Schuldverschreibungen sehen Kündigungsgründe (einschließlich einer Kündigung im Fall eines Drittverzugs (<i>Cross Default</i>)) vor, die die Gläubiger berechtigen, die unverzügliche Rückzahlung ihrer Schuldverschreibungen zum Nennbetrag nebst etwaigen bis zum jeweiligen Tage der Rückzahlung aufgelaufener Zinsen zu verlangen.
		Status der Schuldverschreibungen Die Schuldverschreibungen begründen nicht besicherte und nicht nachrangige Verbindlichkeiten der Emittentin, die untereinander und mit allen anderen nicht besicherten und

		<p>nicht nachrangigen Verbindlichkeiten der Emittentin gleichrangig sind, soweit diesen Verbindlichkeiten nicht durch zwingende gesetzliche Bestimmungen ein Vorrang eingeräumt wird.</p> <p>Negativerklärung Die Anleihebedingungen enthalten Bestimmungen hinsichtlich einer Negativverpflichtung, wie im Einzelnen darin beschrieben.</p> <p>Gläubigerbeschlüsse In Übereinstimmung mit dem Schuldverschreibungsgesetz 2009 ("SchVG") sehen die Schuldverschreibungen vor, dass die Gläubiger durch Beschluss (mit Zustimmung der Emittentin) Änderungen der Anleihebedingungen zustimmen und gewisse sonstige Maßnahmen in Bezug auf die Schuldverschreibungen beschließen. Beschlüsse der Gläubiger können nach Maßgabe der Anleihebedingungen entweder in einer Gläubigerversammlung oder im Wege der Abstimmung ohne Versammlung gefasst werden und sind für alle Gläubiger verbindlich. Beschlüsse der Gläubiger, durch welche der wesentliche Inhalt der Anleihebedingungen geändert wird, bedürfen einer Mehrheit von mindestens 75% der an der Abstimmung teilnehmenden Stimmrechte. Sonstige Beschlüsse bedürfen der einfachen Mehrheit der teilnehmenden Stimmrechte.</p> <p>Gemeinsamer Vertreter In Übereinstimmung mit dem SchVG sehen die Schuldverschreibungen vor, dass die Gläubiger durch Beschluss einen gemeinsamen Vertreter bestellen können. Die Aufgaben und Befugnisse des durch Beschluss bestellten gemeinsamen Vertreters bestimmen sich nach dem SchVG sowie den Mehrheitsbeschlüssen der Gläubiger.</p> <p>Anwendbares Recht Die Schuldverschreibungen unterliegen deutschem Recht.</p> <p>Gerichtsstand Nicht ausschließlicher Gerichtsstand für alle gerichtlichen Verfahren im Zusammenhang mit den Schuldverschreibungen ist Frankfurt am Main.</p>
C.9	Siehe Element C.8.	
	Zinssatz	[●]% per annum
	Verzinsungsbeginn	<p>15. Februar 2013</p> <p>Vorbehaltlich der Marktbedingungen kann der Tag der Begebung bis zu zwei Wochen verschoben werden. Potentielle Investoren werden von einer solchen Verschiebung informiert.</p>
	Zinszahlungstage	15. Februar in jedem Jahr.
	Basiswert auf dem der Zinssatz basiert	Nicht anwendbar. Der Zinssatz basiert nicht auf einem Basiswert.
	Fälligkeitstag einschließlich Rückzahlungsverfahren	Rückzahlung zum Nennbetrag am 15. Februar 2020.
		Zahlungen auf Kapital in Bezug auf die

		Schuldverschreibungen erfolgen an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems.
	Rendite	[●]% per annum
	Name des Vertreters der Inhaber der Schuldverschreibungen	Entfällt. Es ist kein gemeinsamer Vertreter bestellt. Die Schuldverschreibungen sehen vor, dass die Gläubiger durch Beschluss einen gemeinsamen Vertreter bestellen können.
C.10	Bitte siehe Element C.9.	
	Erläuterung wie der Wert der Anlage beeinflusst wird, falls die Schuldverschreibungen eine derivative Komponente bei der Zinszahlung aufweisen	Entfällt. Die Schuldverschreibungen weisen keine derivative Komponente auf.
C.11	Zulassung zum Börsennotierung und Einführung in einen regulierten Markt oder einem gleichwertigen Markt / Angabe des Markts, an dem die Schuldverschreibungen künftig gehandelt werden und für den ein Prospekt veröffentlicht wurde	Für die Schuldverschreibungen wurde die Zulassung zum Handel am regulierten Markt der Luxemburger Wertpapierbörse sowie zur Amtlichen Notierung (<i>official list</i>) der Luxemburger Wertpapierbörse beantragt.

Punkt	Abschnitt D – Risiken	
D.2	Zentrale Angaben zu den zentralen Risiken, die der Emittentin eigen sind	<p>Nachstehend sind zusammenfassend bestimmte Risiken aufgeführt, die der Emittentin und der HORNBACH Baumarkt Gruppe eigen sind und die eine erhebliche nachteilige Auswirkung auf die Geschäftstätigkeit und die Finanz- und Ertragslage der Emittentin und ihre Fähigkeit, ihre Verpflichtungen aus den Schuldverschreibungen zu erfüllen, haben könnten:</p> <ul style="list-style-type: none"> - Die HORNBACH Baumarkt Gruppe ist in Märkten tätig, die von starkem Wettbewerb geprägt sind. Manche der Wettbewerber sind größer als die HORNBACH Baumarkt Gruppe oder sind Geschäftseinheiten oder Tochtergesellschaften größerer Gesellschaften und sind besser etabliert oder haben größere finanzielle oder andere Mittel als die HORNBACH Baumarkt Gruppe. - Sofern Wettbewerber der HORNBACH Baumarkt Gruppe ihre aggressiven Rabattaktionen verstärken oder diese auf ein breiteres Produktspektrum ausweiten oder wenn Verbraucher infolge einer Verschlechterung der allgemeinen konjunkturellen Lage noch preisbewusster werden, könnte die HORNBACH Baumarkt Gruppe gezwungen sein, die Dauerniedrigpreisstrategie ganz oder teilweise

		<p>aufzugeben.</p> <ul style="list-style-type: none"> - Die Expansion der HORNBACH Baumarkt Gruppe ist kapitalintensiv und könnte nicht erfolgreich sein. - Die HORNBACH Baumarkt Gruppe ist Preiserhöhungen auf den Mietmärkten und seitens verschiedener Versorgungsunternehmen sowie Erhöhungen der lokalen Steuern und Veranlagungen in den Gebieten, in denen die HORNBACH Baumarkt Gruppe tätig ist, ausgesetzt. - Die Ertragslage der HORNBACH Baumarkt Gruppe wird durch die bestehende konjunkturelle Lage, die Arbeitslosenrate, Gehälter, Tariflöhne, die Verfügbarkeit von Verbraucherkrediten, das Verbrauchervertrauen, demografische Entwicklungen sowie die Wahrnehmung der wirtschaftlichen Lage durch den Verbraucher beeinflusst. - Die HORNBACH Baumarkt Gruppe könnte nicht in der Lage sein, die Verbraucherpräferenzen und -nachfrage zutreffend vorherzusagen. - Das Geschäft der HORNBACH Baumarkt Gruppe ist saisonal und kann durch anhaltende Perioden abnormalen Wetters oder jahreszeitlich unübliche Bedingungen nachteilig beeinflusst werden. - Der Erfolg der HORNBACH Baumarkt Gruppe hängt zum Teil von der weiteren Beschäftigung der wichtigsten Mitglieder des Managements und von der Fähigkeit der HORNBACH Baumarkt Gruppe ab, weiterhin hochqualifizierte Mitarbeiter zu gewinnen, zu motivieren und zu halten. - Die HORNBACH Baumarkt Gruppe könnte Lieferengpässen oder -schwierigkeiten begegnen, wenn die bestehenden Lieferanten der HORNBACH Baumarkt Gruppe nicht in der Lage oder willens sein sollten, die HORNBACH Baumarkt Gruppe weiter zu beliefern, oder wenn sie hierzu nur zu höheren Preisen oder zu wirtschaftlich ungünstigen Bedingungen bereit sein sollten. - Die HORNBACH Baumarkt Gruppe könnte steigenden Rohstoff- und Energiepreisen ausgesetzt sein, wenn die HORNBACH Baumarkt Gruppe nicht oder nur mit gewisser Verzögerung in der Lage sein sollte, gestiegene Beschaffungs- oder Energiekosten an die Kunden weiterzugeben. - Die HORNBACH Baumarkt Gruppe ist bei der Belieferung der Filialen mit Produkten von vier Distributionszentren abhängig. Unterbrechungen bei einer dieser Einrichtungen oder bei der bestehenden Lieferkette der HORNBACH Baumarkt Gruppe könnten erheblich nachteilige Auswirkungen auf die Betriebsabläufe von der HORNBACH Baumarkt Gruppe haben. - Längere Unterbrechungen der Betriebsabläufe infolge von Arbeitsniederlegungen oder Streiks
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		<p>können sich auf die Geschäftstätigkeit der HORNBACH Baumarkt Gruppe negativ auswirken.</p> <ul style="list-style-type: none"> - Die Einhaltung des regulatorischen Umfelds oder diesbezügliche Änderungen können sich auf die Geschäftstätigkeit der HORNBACH Baumarkt Gruppe negativ auswirken. - Die HORNBACH Baumarkt Gruppe ist Transaktionsrisiken ausgesetzt, die mit Wechselkursschwankungen zusammenhängen, da die HORNBACH Baumarkt Gruppe einen Teil der Produkte direkt oder indirekt international einkauft. - Die gegenwärtig niedrigen Zinsen könnten in Zukunft deutlich steigen, was die Finanzierungskosten der HORNBACH Baumarkt Gruppe wesentlich erhöhen würde (Zinsänderungsrisiko). - Die HORNBACH Baumarkt Gruppe könnte nicht mehr in der Lage sein, über Banken oder Sale-and-Leaseback-Transaktionen eine langfristige Finanzierung für Wachstumsinvestitionen sicherzustellen, wenn sich die Bedingungen auf den Kapitalmärkten ändern. Die HORNBACH Baumarkt Gruppe ist grundsätzlich dem Risiko finanzieller Verluste im Zusammenhang mit Finanzanlagen und derivative Finanzinstrumenten ausgesetzt. - Beschwerden von oder Rechtsstreitigkeiten mit Verbrauchern oder Dritten können sich für die HORNBACH Baumarkt Gruppe negativ auswirken. - Sollte sich herausstellen, dass eine Produktreihe mangelhaft ist, könnte die HORNBACH Baumarkt Gruppe verpflichtet sein, eine Rückrufaktion durchzuführen und die Kosten für die Lieferung mangelfreier Produkte zu tragen. - Der bestehende Versicherungsschutz könnte sich als unzureichend erweisen. - Dritte könnten unter anderem durch Korruption und Geldwäsche operative Risiken für die HORNBACH Baumarkt Gruppe verursachen. - Unfähigkeit, die Informationstechnik zu aktualisieren und/oder Störungen in den informationstechnologischen Systemen könnten sich auf die Betriebsabläufe von der HORNBACH Baumarkt Gruppe nachteilig auswirken. - Jeglicher negativer Einfluss auf die Reputation des Namens der HORNBACH Baumarkt Gruppe und den damit verbundenen Wert könnte sich nachteilig auf die Geschäftstätigkeit der HORNBACH Baumarkt Gruppe auswirken. - Die HORNBACH Baumarkt Gruppe wird durch bestimmte Anteilseigner kontrolliert, deren Interessen sich unter gewissen Umständen von den Interessen der Inhaber der Schuldverschreibungen unterscheiden könnten.
D.2	Zentrale Angaben zu	Nachstehend sind zusammenfassend bestimmte Risiken

	<p>den zentralen Risiken, die der Garantin eigen sind</p>	<p>aufgeführt, die der Garantin und ihren Tochter- bzw. Schwestergesellschaften (die "HORNBACH International Gruppe") eigen sind und die eine erhebliche nachteilige Auswirkung auf die Geschäftstätigkeit und die Finanz-, Vermögens- und Ertragslage der Garantin sowie auf ihre Fähigkeit, ihre Verpflichtungen aus der Garantie zu erfüllen, haben könnten:</p> <ul style="list-style-type: none"> - Nach den Bestimmungen des Beherrschungs- und Gewinnabführungsvertrages, den die Garantin mit der Emittentin geschlossen hat, ist die Emittentin berechtigt, der Geschäftsführung der Garantin Weisungen zu erteilen und die Garantin ist verpflichtet, ihre Gewinne vollumfänglich an die Emittentin abzuführen. - Die HORNBACH International Gruppe ist in Märkten tätig, von starkem Wettbewerb geprägt. Manche der Wettbewerber sind größer als die HORNBACH International Gruppe oder sind Geschäftseinheiten oder Tochtergesellschaften größerer Gesellschaften und sind besser etabliert oder haben größere finanzielle oder andere Mittel als die HORNBACH International Gruppe. - Sofern Wettbewerber der HORNBACH International Gruppe ihre aggressiven Rabattaktionen verstärken oder diese auf ein breiteres Produktspektrum ausweiten oder wenn Verbraucher infolge einer Verschlechterung der allgemeinen konjunkturellen Lage noch preisbewusster werden, könnte die HORNBACH International Gruppe gezwungen sein, die Dauerniedrigpreisstrategie ganz oder teilweise aufzugeben. - Die Expansion der HORNBACH International Gruppe ist kapitalintensiv und könnte nicht erfolgreich sein. - Die HORNBACH International Gruppe ist Preiserhöhungen auf den Mietmärkten und seitens verschiedener Versorgungsunternehmen sowie Erhöhungen der lokalen Steuern und Veranlagungen in den Gebieten, in denen die HORNBACH International Gruppe tätig ist, ausgesetzt. - Die Ertragslage der HORNBACH International Gruppe wird durch die bestehende konjunkturelle Lage, die Arbeitslosenrate, Gehälter, Tariflöhne, die Verfügbarkeit von Verbraucherkrediten, das Verbrauchervertrauen, demografische Entwicklungen sowie die Wahrnehmung der wirtschaftlichen Lage durch den Verbraucher beeinflusst. - Die HORNBACH International Gruppe könnte nicht in der Lage sein, die Verbraucherpräferenzen und -nachfrage zutreffend vorherzusagen. - Das Geschäft der HORNBACH International Gruppe ist saisonal und kann durch anhaltende Perioden abnormalen Wetters oder jahreszeitlich unübliche Bedingungen nachteilig beeinflusst werden. - Der Erfolg der HORNBACH International Gruppe
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		<p>hängt zum Teil von der weiteren Beschäftigung der wichtigsten Mitglieder des Managements und von der Fähigkeit der HORNBACH Baumarkt Gruppe ab, weiterhin hochqualifizierte Mitarbeiter zu gewinnen, zu motivieren und zu halten.</p> <ul style="list-style-type: none"> - Die HORNBACH Internatioanl Gruppe könnte Lieferengpässen oder -schwierigkeiten begegnen, wenn die bestehenden Lieferanten der HORNBACH International Gruppe nicht in der Lage oder willens sein sollten, die HORNBACH International Gruppe weiter zu beliefern, oder wenn sie hierzu nur zu höheren Preisen oder zu wirtschaftlich ungünstigen Bedingungen bereit sein sollten. - Die HORNBACH International Gruppe könnte steigenden Rohstoff- und Energiepreisen ausgesetzt sein, wenn die HORNBACH International Gruppe nicht oder nur mit gewisser Verzögerung in der Lage sein sollte, gestiegene Beschaffungs- oder Energiekosten an die Kunden weiterzugeben. - Die HORNBACH International Gruppe ist bei der Belieferung der Filialen mit Produkten von vier Distributionszentren abhängig. Unterbrechungen bei einer dieser Einrichtungen oder bei der bestehenden Lieferkette der HORNBACH International Gruppe könnten erheblich nachteilige Auswirkungen auf die Betriebsabläufe von der HORNBACH International Gruppe haben. - Längere Unterbrechungen der Betriebsabläufe infolge von Arbeitsniederlegungen oder Streiks können sich auf die Geschäftstätigkeit der HORNBACH International Gruppe negativ auswirken. - Die Einhaltung des regulatorischen Umfelds oder diesbezügliche Änderungen können sich auf die Geschäftstätigkeit der HORNBACH International Gruppe negativ auswirken. - Aufgrund ihrer internationalen Geschäftstätigkeit ist die HORNBACH International Gruppe Transaktionsrisiken ausgesetzt, die mit Wechselkursschwankungen zusammenhängen. - Die gegenwärtig niedrigen Zinsen könnten in Zukunft deutlich steigen, was die Finanzierungskosten der HORNBACH International Gruppe wesentlich erhöhen würde. - Die HORNBACH International Gruppe könnte nicht mehr in der Lage sein, über Banken oder Sale-and-Leaseback-Transaktionen eine langfristige Finanzierung für Wachstumsinvestitionen sicherzustellen, wenn sich die Bedingungen auf den Kapitalmärkten ändern. Die HORNBACH International Gruppe ist grundsätzlich dem Risiko finanzieller Verluste im Zusammenhang mit Finanzanlagen und derivative Finanzinstrumenten ausgesetzt. - Beschwerden von oder Rechtsstreitigkeiten mit Verbrauchern oder Dritten können sich für die HORNBACH International Gruppe negativ
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		<p>auswirken.</p> <ul style="list-style-type: none"> - Sollte sich herausstellen, dass eine Produktreihe mangelhaft ist, könnte die HORNBACH International Gruppe verpflichtet sein, eine Rückrufaktion durchzuführen und die Kosten für die Lieferung mangelfreier Produkte zu tragen. - Der bestehende Versicherungsschutz könnte sich als unzureichend erweisen. - Dritte könnten unter anderem durch Korruption und Geldwäsche operative Risiken für die HORNBACH Internatioal Gruppe verursachen. - Unfähigkeit, die Informationstechnik zu aktualisieren und/oder Störungen in den informationstechnologischen Systemen könnten sich auf die Betriebsabläufe von der HORNBACH International Gruppe nachteilig auswirken. - Jeglicher negativer Einfluss auf die Reputation des Namens der HORNBACH International Gruppe und den damit verbundenen Wert könnte sich nachteilig auf die Geschäftstätigkeit der HORNBACH International Gruppe auswirken. - Die HORNBACH International Gruppe wird durch bestimmte Anteilseigner kontrolliert, deren Interessen sich unter gewissen Umständen von den Interessen der Inhaber der Schuldverschreibungen unterscheiden könnten. - Die in diesem Prospekt enthaltenen Abschlüsse der HORNBACH International GmbH sind nicht konsolidiert und deshalb nicht mit den konsolidierten Abschlüssen der HORNBACH-Baumarkt-Aktiengesellschaft vergleichbar.
D.3	<p>Zentrale Angaben zu den zentralen Risiken, die den Wertpapieren eigen sind</p>	<p>Eine Anlage in die Schuldverschreibungen ist mit bestimmten Risiken im Zusammenhang mit den Merkmalen der Schuldverschreibungen verbunden. Diese Risiken könnten zu erheblichen Verlusten führen, die die Gläubiger zu tragen hätten, wenn sie ihre Schuldverschreibungen verkaufen oder wenn Verluste im Zusammenhang mit der Zahlung von Zinsen oder der Rückzahlung entstehen. Zu diesen Risiken gehört die Folgenden:</p> <ul style="list-style-type: none"> - Die Schuldverschreibungen sind möglicherweise eine nicht für alle Anleger geeignete Anlage. - Die Schuldverschreibungen werden am 15. Februar 2020 zurückgezahlt. Die Inhaber der Schuldverschreibungen sind nicht berechtigt, die Rückzahlung zu verlangen, es sei denn, es ist ein Rückzahlungsereignis (Put Event) oder Kündigungsgrund (Event of Default) eingetreten. - Die Schuldverschreibungen werden gegenüber finanziellen Verbindlichkeiten der Tochtergesellschaften der Garantin strukturell nachrangig sein. - Beschränkungen der Durchsetzbarkeit der Garantie könnten sich auf die Gültigkeit der Schuldverschreibungen nachteilig auswirken.

		<ul style="list-style-type: none"> - Die Schuldverschreibungen und die Garantie werden gegenüber anderen Verbindlichkeiten der Emittentin und der Garantin faktisch nachrangig sein, sofern diese Verbindlichkeiten besichert sind. - Es besteht keine Beschränkung hinsichtlich der Höhe zukünftiger Verbindlichkeiten der Emittentin. - Vor der Ausgabe der Schuldverschreibungen gab es keinen öffentlichen Markt für die Schuldverschreibungen und es kann keine Zusicherung abgegeben werden, dass sich ein liquider Zweitmarkt für die Schuldverschreibungen entwickeln wird oder, sofern er sich entwickelt, weiterbestehen wird; in einem illiquiden Markt können Inhaber ihre Schuldverschreibungen möglicherweise nicht zu jeder Zeit zu einem angemessenen Marktpreis veräußern. - Die Inhaber unterliegen dem Risiko einer ungünstigen Entwicklung der Marktpreise der Schuldverschreibungen infolge einer Veränderung des Marktzinssatzes. - Der Marktwert der Schuldverschreibungen könnte sinken, falls sich die Kreditwürdigkeit der HORNBACH Baumarkt Gruppe verschlechtert. - Die auf Euro lautenden Schuldverschreibungen könnten ein Währungsrisiko für einen Inhaber darstellen, wenn der Euro für den betreffenden Inhaber eine Fremdwährung ist; außerdem könnten Regierungen und zuständige Behörden künftig Devisenkontrollen verhängen. - Für einen Inhaber von Schuldverschreibungen besteht das Risiko, dass er überstimmt wird und gegen seinen Willen Rechte gegenüber der Emittentin und der Garantin verliert, falls Inhaber von Schuldverschreibungen mit einer Stimmenmehrheit gemäß dem Gesetz über Schuldverschreibungen aus <u>Gesamtemissionen (Schuldverschreibungsgesetz 2009)</u> ihre Zustimmung zu Änderungen der Emissionsbedingungen erteilen. Im Falle der Ernennung eines gemeinsamen Vertreters aller Inhaber von Schuldverschreibungen besteht das Risiko, dass ein einzelner Inhaber ganz oder teilweise die Möglichkeit verliert, seine Rechte gegenüber der Emittentin unabhängig von den anderen Inhabern durchzusetzen und geltend zu machen. <p>Der Eintritt eines jeden der vorgenannten Risiken kann die Fähigkeit der Emittentin beeinträchtigen, ihren aus den Schuldverschreibungen resultierenden Zahlungsverpflichtungen nachzukommen und/oder zu einem Wertverlust der Schuldverschreibungen führen.</p>
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Punkt	Abschnitt E – Angebot	
E.2b	Gründe für das Angebot und Zweckbestimmung der Erlöse, sofern diese nicht in der Gewinnerzielung und/oder der Absicherung bestimmter Risiken liegen	Refinanzierung; allgemeine Unternehmenszwecke Geschätzte Gesamtkosten der Emission: ● Geschätzter Nettoerlös der Emission: ●
E.3	Beschreibung der Angebotskonditionen	Joint Lead Manager: Commerzbank Aktiengesellschaft HSBC Bank plc UniCredit Bank AG Gesamtnennbetrag: EUR [●] Ausgabepreis: [●]% Angebotszeitraum und Preisfestsetzung Die Schuldverschreibungen werden den Investoren von den Joint Lead Managern während einer Angebotsperiode, die am, oder um den 6. Februar 2013 beginnt und bis zum 1. März 2013 offen ist (vorbehaltlich einer Verkürzung oder Verlängerung), angeboten. Auf der Grundlage dieser Angebote, die die Joint Lead Managern erhalten, wird der Ausgabepreis, der Zinssatz, die Anzahl der zu begebenden Schuldverschreibungen, der Gesamtnennbetrag sowie die Rendite der Emission am Preisfindungstag, der voraussichtlich am oder um den 6. Februar 2013 sein wird, und den Investoren mitgeteilt wird, errechnet. Die Ergebnisse der Angebote sind in einer Mitteilung, die bei der CSSF einzureichen und nach dem Preisfindungstag, jedoch vor dem Begebungstag (die " Preismitteilung "), auf der Internetseite der Luxemburger Börse (www.bourse.lu) zu veröffentlichen. Sollten die Emittentin und die Joint Lead Manager eine Verkürzung oder Verlängerung des Angebotszeitraumes festlegen, die das Ergebnis veränderter Marktbedingungen sein könnte, müssen solche Veränderungen in gleicher Weise wie die Preisdetails veröffentlicht werden. Öffentliches Angebot Die Schuldverschreibungen werden institutionellen und privaten Anlegern in allen Mitgliedstaaten der Europäischen Union, in Übereinstimmung mit den Beschränkungen des öffentlichen Angebots, verkauft. Ein öffentliches Angebot erfolgt in Luxemburg, Deutschland und Österreich. Bedingungen und Einzelheiten des Angebots Es gibt keine Bedingungen, denen das Angebot unterliegt. Jegliche Angebote an Investoren zum Erwerb von Schuldverschreibungen erfolgen durch – und Investoren mögen ihr Angebot zum Erwerb von Schuldverschreibungen dort einreichen – das Informationssystem Bloomberg, oder

		<p>andere übliche Informationssysteme. Nach Veröffentlichung der Preismitteilung bieten die Joint Lead Manager die Schuldverschreibungen über nachfragende Kreditinstitute an. Bezugsrechte für Schuldverschreibungen werden nicht ausgegeben. Jeder Investor, der einen Auftrag bezüglich Schuldverschreibungen erteilt hat und dessen Auftrag angenommen wurde, erhält eine Bestätigung, hinsichtlich der jeweiligen Zuteilung der Schuldverschreibungen. Bevor ein Investor eine Bestätigung der Joint Lead Manager dahingehend erhält, dass seine Bestellung für Schuldverschreibungen angenommen wurde, hat der Investor die Möglichkeit, seine Bestellung zu reduzieren oder zu widerrufen. Es gibt keinen Mindest- oder Höchstbetrag beim Kauf von Schuldverschreibungen. Investoren können Kaufangebote für Schuldverschreibungen in jeglicher Höhe abgeben.</p> <p>Angebotsbestätigung und Zuweisung sowie Übertragung der Schuldverschreibungen</p> <p>Nach Preisfestsetzung der Schuldverschreibungen und Bestätigung, welche Angebote und welche Beträge einzelner Investoren akzeptiert und bewilligt wurden, erfolgt die Übertragung und Zahlung der Schuldverschreibungen innerhalb von fünf Geschäftstagen nach dem Tag der Preisfestsetzung der Schuldverschreibungen und Bestätigung der Zuteilung an die Investoren. Die Schuldverschreibungen werden durch Buchungseintrag durch das Clearing System und dessen kontoführenden Kreditinstitute gegen Zahlung des Ausgabepreises übertragen.</p> <p>Feststellungsmethode/Ermittlung des Ausgabepreises und des Zinssatzes</p> <p>Der Zinssatz und der Ausgabepreis der Schuldverschreibungen werden bei Preisfestsetzung auf der Basis einer Rendite, die durch Aufschlag eines Credit-Spread auf das Niveau eines Midswaps zur Zeit der Preisfestsetzung, errechnet. Die Preisspanne wird durch Zugrundelegung der von den Joint Lead Managern erhaltenen Angebote der Investoren während der Angebotsperiode bestimmt.</p>
E.4	Beschreibung aller für die Emission/das Angebot wesentlichen, auch kollidierenden Interessen	Nicht anwendbar. Soweit der Emittentin bekannt ist, liegen bei keiner Person, die bei dem Angebot der Teilschuldverschreibungen beteiligt ist, Interessenkonflikte vor, die einen Einfluss auf die Teilschuldverschreibungen haben könnten.
E.7	Schätzung der Ausgaben, die dem Anleger vom Emittenten oder Anbieter in Rechnung gestellt werden	Nicht anwendbar. Den Anleihegläubigern werden keine Ausgaben von der Emittentin und den Joint Lead Managern in Rechnung gestellt.

RISK FACTORS

The Issuer and the Guarantor believe that the following factors may affect their ability to fulfil their obligations under the Notes and the Guarantee, respectively. Factors which the Issuer and the Guarantor believe may be material for the purpose of assessing the market risks associated with the Notes are also described below. All of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is in a position to express a view on the likelihood or the extent of any such contingency occurring.

The Issuer and the Guarantor believe that the factors described below represent the principal risks inherent in investing in the Notes. But the Issuer or the Guarantor may be unable to pay interest, principal or other amounts to or in connection with the Notes or the Guarantee, for other reasons than those described below and the Issuer and the Guarantor do not represent that the statements below are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

Words and expressions defined in the Conditions of Issue or elsewhere in the Prospectus shall have the same meanings in this section.

Risks relating to the HORNBACH Baumarkt Group and the Issuer

Set out below are risks associated with the HORNBACH Baumarkt Group and the Issuer which may have a material impact on its business, financial condition, results of operations and cash flow and therefore its ability to perform its obligations under the Notes.

The HORNBACH Baumarkt Group operates in highly competitive markets.

The DIY retail industry is highly competitive in the markets in which the HORNBACH Baumarkt Group operates, particularly in Germany and Austria. The HORNBACH Baumarkt Group's major competitors are primarily other national and international DIY retailers, such as OBI, Praktiker/Max Bahr, Bauhaus, Toom, Zeus/Hagebau, Globus/Hela, Group Adeo and Rautakesko. In recent years, competition has increased as general retailers such as department stores, electronics stores, garden centres, supermarkets, discount retailers, mail order retailers and internet retailers entered the DIY market. This trend may be accelerated by the increasing use of e-commerce and the internet as distribution channels by existing and new competitors. Some of the HORNBACH Baumarkt Group's competitors are larger than the HORNBACH Baumarkt Group is, or are divisions or subsidiaries of larger corporations, and are more established or have greater financial or other resources than the HORNBACH Baumarkt Group does, which may put them in an advantageous position when negotiating contracts with major suppliers or acquiring retail real estate, and may enable them to devote greater resources to advertising and marketing campaigns. The HORNBACH Baumarkt Group also faces competition from other European operators of large superstores, some of which may expand into Germany or other markets in which the HORNBACH Baumarkt Group operates, either through organic growth or by acquiring smaller DIY retailers with an existing market share in Germany. This means that the HORNBACH Baumarkt Group may encounter competitors which could use economies of scale to their advantage. This could lead to a significant deterioration in the market conditions in the areas in which the HORNBACH Baumarkt Group operates and in the HORNBACH Baumarkt Group's competitiveness, which could negatively affect the HORNBACH Baumarkt Group's sales productivity and its profit margins. The HORNBACH Baumarkt Group believes that developing and maintaining a competitive advantage will require continued investment in modernizing or replacing its stores, its logistic network, including its distribution channels, sales and marketing and customer relationships. The HORNBACH Baumarkt Group cannot assure that it will have sufficient resources to make the necessary investments, which may put it at a competitive disadvantage.

Competition in the DIY retail industry is primarily based on price, product mix, quality and services offered to the customers. Generalist department stores in the markets in which the HORNBACH Baumarkt Group operates may be able to provide customers with one-stop shopping at very

competitive prices. If the HORNBAACH Baumarkt Group is unable to compete effectively, its business, financial condition, results of operations and cash flow may be adversely affected.

Under certain circumstances the HORNBAACH Baumarkt Group may not be able to maintain its permanent low price strategy.

The HORNBAACH Baumarkt Group relies on its permanent low price strategy, offering all of its products at the lowest regular shelf price in the market. This pricing policy differentiates the HORNBAACH Baumarkt Group significantly from the discount campaigns of most of its competitors. If the HORNBAACH Baumarkt Group's competitors intensify their aggressive discount campaigns or extend these to a wider range of products, this would lead to substantial pressure on profit margins and the HORNBAACH Baumarkt Group may be forced to fully or partly abandon its permanent low price strategy. Furthermore, if the general economic climate deteriorates substantially, consumers may become even more price-conscious, which could also increase pricing pressure on the HORNBAACH Baumarkt Group and may result in lower profit margins. The occurrence of the aforementioned risk may adversely affect the HORNBAACH Baumarkt Group's business, financial condition, results of operations and cash flow.

The HORNBAACH Baumarkt Group's expansion is capital intensive and may not be successful.

The HORNBAACH Baumarkt Group's core strategy is to continue to expand by investing into new stores in Germany and other European countries. The success of the HORNBAACH Baumarkt Group's business expansion depends on its ability to continuously secure suitable locations on commercially reasonable terms. The HORNBAACH Baumarkt Group cannot assure that it will continue to be able to secure high quality real estate on terms and prices acceptable to the HORNBAACH Baumarkt Group. If the HORNBAACH Baumarkt Group's competitors were able to secure such sites in the HORNBAACH Baumarkt Group's existing or new markets, they may be able to increase their market share in these areas and consequently restrict the HORNBAACH Baumarkt Group's ability to expand. Additionally, the HORNBAACH Baumarkt Group may experience difficulties securing new retail space due to regulatory measures, such as approvals from the regional planning authorities. Furthermore, if the HORNBAACH Baumarkt Group acquires land substantially ahead of the actual development of a new store to secure investment opportunities and is later unable to use or resell this land without incurring a loss, The HORNBAACH Baumarkt Group's financial condition would be adversely affected. Although investments in new locations are prepared on the basis of detailed market research analyses which examine, among other criteria, catchment area, purchasing power, potential demand and competition, The HORNBAACH Baumarkt Group may still face the risk of unsatisfactory sales performance in new locations. The analyses undertaken may prove to be inadequate, in particular due to factors which are difficult to predict, such as customer behaviour, or the data available may prove to be insufficient, in particular in periods where market conditions are changing. The HORNBAACH Baumarkt Group cannot guarantee that investments in new locations will yield the anticipated returns. Investments in unsuitable locations could have a material adverse effect on the HORNBAACH Baumarkt Group's business, financial condition, results of operations and cash flow.

Successful execution of the HORNBAACH Baumarkt Group's expansion strategy also depends on the HORNBAACH Baumarkt Group's ability to integrate the new operations into its existing business, including its distribution network, and achieve economies of scale. The success of the HORNBAACH Baumarkt Group's selective expansion strategy will depend upon its ability to open and operate new stores on a timely and cost-effective basis, while continuing to increase sales at existing stores. The HORNBAACH Baumarkt Group cannot assure that the opening of new stores will not result in the diversion of sales from the HORNBAACH Baumarkt Group's existing stores thereby reducing sales in stores. The growth of the HORNBAACH Baumarkt Group's store network could place a strain on its management systems, infrastructure and resources. Any failure, or delay, in responding to these challenges or in implementing the HORNBAACH Baumarkt Group's expansion strategy in a timely and cost-effective manner could have a material adverse effect on the HORNBAACH Baumarkt Group's business, financial condition, results of operations and cash flow.

In addition, the HORNBAACH Baumarkt Group's expansion strategy is capital intensive. New store openings involve significant capital expenditures for land and buildings as well as operating and business equipment. In the future, The HORNBAACH Baumarkt Group may be unable to arrange

financing for its expansion plans on favourable terms, if at all. Consequently, The HORNBAACH Baumarkt Group may not be able to implement its expansion plans as anticipated, or at all. Any of the foregoing could have a material adverse effect on the HORNBAACH Baumarkt Group's business, financial condition, results of operations and cash flow.

The HORNBAACH Baumarkt Group's rental expenses and other operating costs may increase.

The HORNBAACH Baumarkt Group leases properties throughout Europe, and is subject to price increases in the rental property markets in which it operates. In addition, the HORNBAACH Baumarkt Group may choose to lease more of its new stores than it has traditionally, which may result in an increase in operating leverage of the HORNBAACH Baumarkt Group's business, which in turn will increase the HORNBAACH Baumarkt Group's exposure to price increases in the rent of property.

In addition, the HORNBAACH Baumarkt Group's operations are subject to price increases from the various utility providers, and increases in local taxes and assessments, in the areas in which the HORNBAACH Baumarkt Group operates. Any unanticipated or sharp increases in the HORNBAACH Baumarkt Group's rental payments, utilities, taxes or assessments could have a material adverse effect on the HORNBAACH Baumarkt Group's business, financial condition, results of operations and cash flow.

The HORNBAACH Baumarkt Group is affected by general economic conditions and trends in consumer behaviour.

The HORNBAACH Baumarkt Group's results of operations are affected by the prevailing economic climate, levels of unemployment, salaries, wage rates, availability of consumer credit, consumer confidence, demographic developments and consumer perception of economic conditions. In addition to economic developments, the DIY sector is also dependent on the general propensity of consumers to build, renovate and improve homes, since the majority of DIY products are used for home improvement, refurbishment and renovation. These factors affect all markets in which the HORNBAACH Baumarkt Group operates, although at different degrees, and can be exacerbated by economic conditions resulting from the European Debt Crisis or from geopolitical instability caused by events such as wars, political unrest in the Arabian countries or terrorist attacks. Consumers may spend less money on DIY products during economic downturns or in periods of low economic growth, as they tend not to undertake cost-intensive improvement projects. The effects may be more pronounced if any period of economic downturn or low economic growth is extended. According to the HORNBAACH Baumarkt Group's assessment, the differing duration of the impact of the global financial and economic crisis and the subsequent European debt crisis on economic performance figures and labour markets within Europe appear to indicate that the risks in terms of stagnating or declining DIY sales in those European countries in which the HORNBAACH Baumarkt Group operates are still present. Due to the negative impacts of the crisis on individual countries, among others, the sales performance of the company's Eastern European locations fell short of expectations once again in the financial year 2011/2012. Due to the unfavourable macroeconomic framework in Europe and the deterioration in consumer confidence in the second half of the financial year 2012/2013, the HORNBAACH Baumarkt Group lowered its sales and earnings forecast for the current 2012/2013 financial year. Full-year consolidated sales of the HORNBAACH Baumarkt Group for the financial year 2012/2013 are expected to be around the previous year's figure of EUR 3.0 billion and operating earnings (EBIT) are expected to fall short of the figure of EUR 128 million reported for the 2011/2012 financial year. If the European debt crisis becomes more severe, the economic climate in Eastern Europe and/or other countries might further deteriorate, which might have a significant negative impact on the HORNBAACH Baumarkt Group's business, financial condition and results of operations. However, the HORNBAACH Baumarkt Group is, in particular, dependent on economic developments in Germany, where the HORNBAACH Baumarkt Group generated 57.6% of its sales during the financial year 2011/2012. Consequently, during periods of economic downturn or low economic growth, The HORNBAACH Baumarkt Group has recorded, and may continue to record, lower sales, which could have a material adverse effect on the HORNBAACH Baumarkt Group's business, financial condition, results of operations and cash flow.

The HORNBAACH Baumarkt Group may not be able to accurately predict customer preferences or demand.

The availability of new products and changes in customer preferences make it more difficult to accurately predict demand for the HORNBAACH Baumarkt Group's products. The HORNBAACH Baumarkt Group's success depends in part on its ability to effectively predict and respond to quickly changing consumer tastes and preferences, and to translate market trends into appropriate, marketable merchandise. The HORNBAACH Baumarkt Group cannot assure that its orders will match actual demand. If the HORNBAACH Baumarkt Group is unable to successfully predict or respond to changing styles or trends or misjudge the market or consumer demand, The HORNBAACH Baumarkt Group's sales will decline and it may retain a substantial amount of unsold inventory, a portion of which may be perishable goods, or miss sales opportunities. In response, The HORNBAACH Baumarkt Group may be forced to rely on additional markdowns or promotional sales to dispose of excess or slow-moving inventory, which could have a material adverse effect on the HORNBAACH Baumarkt Group's business, financial condition, results of operations and cash flow.

The HORNBAACH Baumarkt Group's business is seasonal and can be adversely affected by sustained periods of abnormal weather.

The HORNBAACH Baumarkt Group's sales volumes tend to fluctuate based on weather conditions, particularly sales of gardening supplies (such as plants and garden furniture), which generated approximately 20% of its revenue in the financial year 2011/2012. In general, the HORNBAACH Baumarkt Group's sales are highest during the spring months of April through June and lowest during the winter months of December through February. Significant periods of unfavourable weather conditions, extreme weather conditions, such as drought in the summer months, heavy snowfall, floods, or unseasonal conditions may result in unsold inventory, especially of seasonal merchandise, that is difficult to clear without relying on mark-downs or promotional sales. Any of the foregoing could significantly affect the HORNBAACH Baumarkt Group's business, financial condition, results of operations and cash flow.

The HORNBAACH Baumarkt Group depends on management and other key personnel.

The HORNBAACH Baumarkt Group's success depends in part on the continued services of key members of its management team and on the HORNBAACH Baumarkt Group's ability to continue to attract, motivate and retain highly qualified employees. The successful implementation of the HORNBAACH Baumarkt Group's strategy depends on availability of skilled management, particularly the HORNBAACH Baumarkt Group's continued ability to attract and retain highly skilled, qualified and motivated personnel. The HORNBAACH Baumarkt Group cannot assure that key personnel will continue to be employed by the HORNBAACH Baumarkt Group or that the HORNBAACH Baumarkt Group will be able to attract and retain qualified personnel in the future. In this context, the HORNBAACH Baumarkt Group is also dependent on a variety of external factors, such as overall developments in the labour market or in the sector, and is also subject to the specific impact of demographic changes in the individual countries in which the HORNBAACH Baumarkt Group operates. The loss of service of key personnel, especially to a competitor, or a failure to attract and retain new personnel, could adversely affect the HORNBAACH Baumarkt Group's business.

The HORNBAACH Baumarkt Group may encounter supply shortages or other supply difficulties.

The HORNBAACH Baumarkt Group purchases its goods through a broad international network of suppliers and producers. If the HORNBAACH Baumarkt Group's existing suppliers were unable or unwilling to continue to supply the HORNBAACH Baumarkt Group, or if they are willing to do so only at higher prices or on commercially unfavourable terms, the HORNBAACH Baumarkt Group's ability to provide materials, products and services to its customers at competitive prices will be adversely affected. Since the HORNBAACH Baumarkt Group may be unable to procure such materials and products elsewhere at short notice, it may experience supply delays, and the HORNBAACH Baumarkt Group may be forced to revise the terms, including price, on which it supplies products to its customers. Any such price increase may prompt the HORNBAACH Baumarkt Group's customers to purchase those products from the HORNBAACH Baumarkt Group's competitors.

In addition, the HORNBACH Baumarkt Group sources directly and indirectly a portion of its products from countries outside of Europe, and the HORNBACH Baumarkt Group expects such portion will increase. Consequently, The HORNBACH Baumarkt Group faces a variety of risks which are characteristic to these foreign markets, including:

- delays in shipping;
- increased costs of transportation;
- imposition of duties, taxes and other charges on imports;
- increased security requirements applicable to imported goods;
- changes in foreign laws and regulations;
- currency and exchange rate risks;
- political instability; and
- risks related to labour practices.

If any of these risks were to manifest themselves, in isolation or in combination, the HORNBACH Baumarkt Group's business, financial condition, results of operations and cash flow could be adversely affected.

The HORNBACH Baumarkt Group may face increasing prices of raw materials and energy.

The HORNBACH Baumarkt Group is subject to increasing purchasing prices for articles involving a high share of crude oil, copper or steel as a result of volatile prices on the international commodities markets. Furthermore, higher prices for products involving energy-intensive manufacturing processes could lead to an increase in overall procurement costs. Increases in energy prices also affect the operating costs of the HORNBACH Baumarkt Group's store network and may only be offset to a limited degree through energy savings measures. If the HORNBACH Baumarkt Group is unable to pass on these higher procurement and energy costs to its customers, or only following a certain delay, The HORNBACH Baumarkt Group may face declining margins. Any of the foregoing could significantly affect the HORNBACH Baumarkt Group's business, financial condition, results of operations and cash flow.

The HORNBACH Baumarkt Group depends on four facilities for distribution of its products to its stores. Interruptions at either facility or to the HORNBACH Baumarkt Group's existing supply chain could have a material adverse effect on the HORNBACH Baumarkt Group's operations.

The HORNBACH Baumarkt Group relies on its four distribution centres for storage and distribution of its products, of which two are located in Northern Germany, and one each in South West Germany and South East Germany. Any major breakdown, disturbance or accident, such as a serious fire, an explosion or a natural catastrophe (e.g. flooding), affecting either of the HORNBACH Baumarkt Group's existing facilities would have a material impact on the operation of the HORNBACH Baumarkt Group's supply chain, which would adversely impact on the HORNBACH Baumarkt Group's ability to distribute products to its stores in a timely manner. This would, in turn affect the HORNBACH Baumarkt Group's product range and in-store inventory and its ability to meet its customers' requirements. Any of the events described above are likely to have a material adverse effect on the HORNBACH Baumarkt Group's business, financial condition, results of operations and cash flow.

Prolonged disruptions of business operations due to work stoppages or strikes could adversely affect the HORNBACH Baumarkt Group's business.

A significant part of the HORNBACH Baumarkt Group's workforce is covered by collective bargaining agreements. The HORNBACH Baumarkt Group cannot assure that it will not encounter strikes or other disturbances occasioned by its unionised labour force, particularly in Germany, or that, upon expiration of existing agreements, The HORNBACH Baumarkt Group will be able to reach new collective bargaining agreements on satisfactory terms. The HORNBACH Baumarkt Group also cannot assure that it would reach such new agreements without work stoppages, strikes or similar

industrial actions. If the HORNBAACH Baumarkt Group's workers were to engage in industrial actions, The HORNBAACH Baumarkt Group's operations could be adversely affected and the HORNBAACH Baumarkt Group's business, financial condition, results of operations and cash flow could suffer material harm.

In addition, many of the HORNBAACH Baumarkt Group's suppliers and a significant portion of the logistics industry have unionised work forces. Work stoppages or other disruptions of the business operations, strikes or similar measures at the HORNBAACH Baumarkt Group's suppliers' sites or any logistics provider could impact the HORNBAACH Baumarkt Group's ability to deliver its products or services to its customers. Any of these events could have a material adverse effect on the HORNBAACH Baumarkt Group's business, financial condition, results of operations and cash flow.

Compliance with or changes in the regulatory environment could adversely affect the HORNBAACH Baumarkt Group's business.

The HORNBAACH Baumarkt Group is subject to and must comply with various EU and other national and local laws and regulations governing, among other things, advertising, product-safety, intellectual property protection, health and safety, labour, building, environment, tax and other laws and regulations, including consumer credit and consumer protection regulations and zoning and occupancy ordinances, that regulate retailers generally and/or govern the importation, promotion and sale of merchandise. These laws and regulations may change or become more stringent, and consequently compliance with these regulations could lead to increased costs, and violations of these regulations could result in damage payments, substantial fines, revocation of applicable permits, remediation costs for existing liabilities and increased costs for future liabilities, and materially harm the HORNBAACH Baumarkt Group's financial condition and results of operations. In addition, a tightening up of zoning and planning regulations, such as the German Federal Building Code (*Baugesetzbuch*) and related legislation, may limit the HORNBAACH Baumarkt Group's ability to expand its business and therefore adversely affect its financial condition, results of operations and cash flow.

Foreign exchange risk

The HORNBAACH Baumarkt Group is exposed to transaction risk resulting from fluctuations in currency exchange rates because the HORNBAACH Baumarkt Group sources, directly or indirectly, a portion of its products internationally. If the value of the currency in which the purchase price of the HORNBAACH Baumarkt Group's products is denominated increases relative to the currency in which the HORNBAACH Baumarkt Group generates its revenues, the profit margin for any such transaction would be reduced.

Because the HORNBAACH Baumarkt Group has foreign operations outside the Euro zone, its financial results are subject to translation effects resulting from fluctuations in currency exchange rates. In preparing its consolidated financial statements, The HORNBAACH Baumarkt Group converts the results of its subsidiaries in Sweden, Switzerland, Romania and the Czech Republic into euro at the spot rate as of each balance sheet date and, for statement of income items, at the average rate over the period. When the value of the euro increases in relation to a non-euro currency, those results are, all else being equal, lower due to the translation effect.

Although the HORNBAACH Baumarkt Group engages in foreign exchange hedging transactions to reduce its foreign currency exposure, The HORNBAACH Baumarkt Group's hedging strategies may not adequately protect its operating results from the effects of exchange rate fluctuations, and will reduce any benefit that the HORNBAACH Baumarkt Group might otherwise have received from favourable movements in exchange rates. As the HORNBAACH Baumarkt Group further continues its international expansion, The HORNBAACH Baumarkt Group foresees an increase in foreign exchange risk that might have an impact on the HORNBAACH Baumarkt Group's business, financial condition, results of operations and cash flow.

Interest rate risks

The presently prevailing low interest rates may rise considerably in the future, which would substantially increase the HORNBAACH Baumarkt Group's financing costs (interest rate risk). Although the HORNBAACH Baumarkt Group has concluded fixed interest rate agreements and interest rate exchange agreements (interest swaps) in order to secure the interest rates on existing non-current liabilities, The HORNBAACH Baumarkt Group cannot guarantee that it will be able to secure its financing on reasonable terms at all or to the same extent as previously or currently anticipated. If the HORNBAACH Baumarkt Group was not able to do so, this could have a material adverse impact on the HORNBAACH Baumarkt Group's business, financial condition, results of operations and cash flow.

Liquidity and credit risks

The HORNBAACH Baumarkt Group may no longer be able to obtain long-term financing for its investments for growth, such as the acquisition of land, investments in DIY megastores with garden centres, procurement of large quantities of merchandise or other investments, from banks or via sale and leaseback transactions if financing conditions on the capital markets change. The HORNBAACH Baumarkt Group is trying to counter this risk by flexibly adjusting its investments, maintaining a substantial liquidity cushion and with short and medium-term financing based on existing credit lines. If the HORNBAACH Baumarkt Group becomes obliged to immediately repay any funds drawn due to a default under any financing documentation, it would be required to obtain refinancing, which may only be available on stricter terms and conditions. If any of the aforementioned risks materialises, this could have a material adverse impact on the HORNBAACH Baumarkt Group's business, financial condition, results of operations and cash flow.

While the risk of defaulted receivables is considerably reduced due to the HORNBAACH Baumarkt Group's retail format (cash & carry) and is generally limited to the carrying amounts of the financial assets, The HORNBAACH Baumarkt Group is generally exposed to risks of financial losses in connection with financial investments and derivative financial instruments. The HORNBAACH Baumarkt Group endeavours to limit these credit risks by working exclusively with contractual partners of strong credit worthiness and selecting banks covered by collective deposit security arrangements, but cannot exclude that one or more of its contractual parties may be unable to comply in part or in full with the obligations entered into under financial instruments. If this risk materialises, this could have a material adverse effect on the HORNBAACH Baumarkt Group's business, financial condition, results of operations and cash flow.

Complaints or litigation from customers and other third parties could adversely affect the HORNBAACH Baumarkt Group.

In the course of its business operations, from time to time, The HORNBAACH Baumarkt Group is inevitably confronted with legal proceedings initiated by its customers, employees and other third parties, both in court and out of court. These legal proceedings, whether individually or in the aggregate, could involve substantial claims for damages or other payments and, even if successfully disposed of without direct adverse financial effect, could have a material adverse effect on the HORNBAACH Baumarkt Group's reputation and divert the HORNBAACH Baumarkt Group's financial and management resources from more beneficial uses. If the HORNBAACH Baumarkt Group was to be found liable under any such claims, this could have a material adverse effect on the HORNBAACH Baumarkt Group's business, financial condition, results of operations and cash flow.

The HORNBAACH Baumarkt Group is regularly involved in disputes in the ordinary course of business, the majority of which are related to real estate development, alleged unfair trading practices (*Unlauterer Wettbewerb*) and infringement of intellectual property rights. The HORNBAACH Baumarkt Group cannot assure that it will prevail in any or all of such disputes. If any, or all of such disputes are decided adversely to the HORNBAACH Baumarkt Group, The HORNBAACH Baumarkt Group's business, financial condition, results of operations and cash flow could be adversely affected.

Product liability claims and product recalls.

Products distributed by the HORNBAACH Baumarkt Group may be faulty or defective. Such faults or defects can cause damage to the property or health of customers or third parties and could lead to serious indirect or consequential damages. In addition, faulty and defective products can diminish the market acceptance of products sold by the HORNBAACH Baumarkt Group and detract generally from the HORNBAACH Baumarkt Group's reputation. Although the HORNBAACH Baumarkt Group or the injured party in question might also be able to make a claim against the supplier in the case of product defects or warranty events, The HORNBAACH Baumarkt Group bears a portion of and in some cases the primary risk of product liability and warranty claims. In the event that a product series proves to be defective, it may be necessary for the HORNBAACH Baumarkt Group to carry out a product recall and to pay the costs of procuring defect-free replacement products. In addition, if products turn out to be defective, claims based on consumer protection regulations can also be brought against the HORNBAACH Baumarkt Group. Product liability and warranty claims as well as product recalls can damage the HORNBAACH Baumarkt Group's overall reputation and lead to temporary or long-term buying restraint. Each of the aforementioned risks may have a material adverse effect on the HORNBAACH Baumarkt Group's business, financial condition, results of operations and cash flow.

Existing insurance coverage may turn out to be inadequate.

The HORNBAACH Baumarkt Group seeks to cover foreseeable risks through insurance coverage. Such insurance coverage, however, may not fully cover the risks to which the HORNBAACH Baumarkt Group is exposed. This can be the case with insurance covering legal and administrative claims as well as with respect to insurance covering other risks. For certain risks, adequate insurance coverage may not be available on the market at all or may not be available at reasonable conditions. Consequently, any harm resulting from the materialisation of these risks could result in significant capital expenditures and expenses as well as liabilities, which could have a material adverse effect on the HORNBAACH Baumarkt Group's business, financial condition, results of operations and cash flow.

Third parties can create operational risks for the HORNBAACH Baumarkt Group through, inter alia, corruption or money laundering.

Third parties can create operational risks for the HORNBAACH Baumarkt Group through poor performance of contracted-for services or criminal or other intentional misconduct, including theft, misappropriation, fraud, corruption, money laundering, sabotage, corporate espionage, arson or similar crimes. Each of the aforementioned risks may have a material adverse effect on the HORNBAACH Baumarkt Group's business, financial condition, results of operations and cash flow.

Inability to update its information technology and/or a disruption in its information technology systems could adversely affect the HORNBAACH Baumarkt Group's operations.

The HORNBAACH Baumarkt Group's business activities rely to a significant degree on the efficient and uninterrupted operation of its information technology systems, in particular because stores must record and process a substantial volume of retail transactions and inventory management information quickly and accurately. Any significant disruption to the operations of the HORNBAACH Baumarkt Group's sites could significantly affect the HORNBAACH Baumarkt Group's ability to manage its information technology systems, which could affect the HORNBAACH Baumarkt Group's business, financial condition and results of operations.

The HORNBAACH Baumarkt Group anticipates that, in line with its expansion and optimization of its existing operations, The HORNBAACH Baumarkt Group will from time to time be required to upgrade its IT systems, which will entail significant investments. Introduction of new software or upgrades require not only considerable investment but also skilled personnel, and may not be successful or may take longer than initially anticipated. If the HORNBAACH Baumarkt Group was not able to implement such new systems, if required, in a timely and cost effective manner, The HORNBAACH Baumarkt Group's business, financial condition, results of operations and cash flow could be adversely affected.

In addition, the HORNBAACH Baumarkt Group's principal office in Bornheim serves as the primary site for all its computer and communications systems. Any significant disruption or breakdown of any of the

systems at this facility would result in a significant disruption to the HORNBAACH Baumarkt Group's operations and could significantly affect the HORNBAACH Baumarkt Group's ability to manage its information technology systems, which in turn could adversely affect the HORNBAACH Baumarkt Group's business, financial condition, results of operations and cash flow.

Any negative impact on the reputation of, and value associated with, the HORNBAACH Baumarkt Group's name, could adversely affect the HORNBAACH Baumarkt Group's business.

The HORNBAACH name represents an important asset of the HORNBAACH Baumarkt Group's business. Maintaining the reputation of and value associated with the HORNBAACH name is central to the success of the HORNBAACH Baumarkt Group's business. The HORNBAACH Baumarkt Group cannot assure however, that the HORNBAACH Baumarkt Group's business strategy and its execution will accomplish this objective. Certain of the HORNBAACH Baumarkt Group's policies, including its pricing policies and its international expansion policies could damage the HORNBAACH Baumarkt Group's reputation and the value associated with the HORNBAACH name and could have a material adverse effect on the HORNBAACH Baumarkt Group's business, financial condition, results of operations and cash flow.

The HORNBAACH Baumarkt Group's market reputation and its customer loyalty also depend on the reliability, availability and quality of its products and services. In addition, The HORNBAACH Baumarkt Group is developing its own brands, which accounted for approximately 14% of its total sales in the financial year 2011/2012. If the HORNBAACH Baumarkt Group is unable to control and guarantee the quality of its products and services, the HORNBAACH Baumarkt Group's reputation may be diminished, which would have a material adverse effect on the HORNBAACH Baumarkt Group's business, financial condition, results of operations and cash flow.

The HORNBAACH Baumarkt Group is controlled by certain shareholders.

The Issuer's parent company, HORNBAACH Holding AG, controls 76.3% of the Issuer's voting share capital. Kingfisher owns another 5.2% of the Issuer's voting share capital, and also holds 21.2% of the share capital of the Issuer's parent company. As a result, these shareholders have, and will continue to have, directly and indirectly, the power, among other things, to affect the HORNBAACH Baumarkt Group's legal and capital structure and its operations and to change the HORNBAACH Baumarkt Group's management and to approve any other changes to its operations. The interests of these shareholders may, in certain circumstances, differ from the interests of the Noteholders. For example, the shareholders could vote to cause the HORNBAACH Baumarkt Group to incur additional indebtedness or to sell certain material assets, in each case, as permitted under the Conditions of Issue and other financing arrangements. Incurring additional indebtedness would increase the HORNBAACH Baumarkt Group's debt service obligations and selling assets could reduce the HORNBAACH Baumarkt Group's ability to generate revenues, each of which could adversely affect the Holders of the Notes.

Risks relating to the Guarantor

As the Guarantor is a subsidiary of the Issuer and indirectly operates DIY stores with garden centres in European countries outside Germany through its subsidiaries, the risks described above under "– Risks relating to the HORNBAACH Baumarkt Group and the Issuer" also apply to the Guarantor and the profits generated by its subsidiaries. The occurrence of one or more of these risks may adversely affect the business, financial condition, results of operations and cash flow of the Guarantor and its ability to perform its obligations under the Guarantee.

In addition, there is a separate risk which may adversely affect the Guarantor's financial position and its ability to perform its obligations under the Guarantee resulting from the Control and Profit and Loss Transfer Agreement which the Guarantor has concluded with the Issuer. According to this agreement, the Issuer is entitled to issue directions to the Guarantor's management and the Guarantor is obliged to transfer its entire profits to the Issuer.

Contrary to the financial statements of HORNBACH-Baumarkt-Aktiengesellschaft, the financial statements of HORNBACH International GmbH included in this Prospectus are unconsolidated and are therefore not comparable with the consolidated financial statements of HORNBACH-Baumarkt-Aktiengesellschaft. HORNBACH International GmbH serves as a holding company for its subsidiaries which operate HORNBACH Baumarkt Group's DIY stores in European countries outside Germany and does itself not have any own operative business. Thus, the financial statements of HORNBACH International GmbH do not depict the performance of HORNBACH International Group.

Risks relating to the Notes and the Guarantee

An investment in the Notes involves certain risks associated with the characteristics, specification and type of the Notes. Such risks could result in principal or interest not being paid on time or at all by the Issuer or the Guarantor and/or a material impairment of the market price of the Notes which would lead to substantial losses the Noteholders would have to bear in case of selling their Notes. The following is a description of risk factors in relation to the Notes.

The Notes may not be a suitable investment for all investors.

Each potential investor in the Notes must determine the suitability of such investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation and the investment(s) it is considering, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect his investment and his ability to bear the applicable risks.

Long-term securities and risk of Early Redemption

The Notes will be redeemed on 15 February 2020. The Noteholders have no right to call for their redemption except upon the occurrence of a Put Event or an Event of Default. At the Issuer's option, the Notes may be redeemed at the principal amount, if withholding taxes will be leviable as a result of a future change of the laws applicable in the Federal Republic of Germany on payments of principal or interest in respect of the Notes and, as a consequence, the Issuer will be obligated to pay Additional Amounts.

The Notes will be structurally subordinated to financial obligations of the Guarantor's subsidiaries

In the event of a liquidation or an insolvency or similar proceeding of any of the Guarantor's subsidiaries, such subsidiary will pay the holders of its own debt (including holders of third-party debt which such subsidiary has guaranteed), its trade creditors and any preferred shareholders before it would be able to distribute any of its assets to its direct shareholder, i.e. the Guarantor. As a result of the foregoing, the Guarantor may not have sufficient assets to make payments on the Guarantee.

Limitations on the enforceability of the Guarantee may adversely affect the validity of the Notes.

as the Guarantor is organised as a limited liability company under German law (*Gesellschaft mit beschränkter Haftung*), the enforcement of the Guarantee will therefore be limited by virtue of specific limitation language in the Guarantee reflecting the requirement under the capital maintenance rules imposed by sections 30 and 31 of the German Limited Liability Company Act (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung*) if and to the extent that payments under the Guarantee would reduce the Guarantor's net assets (*Nettovermögen*) to an amount less than its stated share capital (*Stammkapital*), or (if its net assets are already lower than its stated share capital) would cause such amount to be further reduced. These limitations will, to the extent applicable, restrict the right to receive payment under the Guarantee and will limit the claim accordingly irrespective of the granting of the Guarantee.

To the extent that any debt or other payment obligation of the Guarantor is not also subject to such limitations and restrictions, such debt and other obligations would also be structurally senior to the Notes.

The Notes and the Guarantee will be effectively subordinated to the Issuer's and the Guarantor's debt to the extent such debt is secured.

The Conditions of Issue and the terms of the Guarantee contain a negative pledge provision of the Issuer, the Guarantor and their respective subsidiaries in relation to any present or future Capital Market Indebtedness (as further defined in the Conditions of Issue). As a result, the Issuer, the Guarantor and their respective subsidiaries may, e.g., not issue secured listed notes without granting equal security for the existing Notes but could secure other kinds of their debt, for example by taking out secured bank loans. To the extent the Issuer, the Guarantor or any of their subsidiaries provide asset security for the benefit of other debt, the Notes and the Guarantee will be effectively junior to such debt to the extent of such assets.

As a result of the foregoing, Holders of the Issuer's or the Guarantor's (present or future) secured debt may recover disproportionately more on their claims than the Noteholders in an insolvency, bankruptcy or similar proceeding. The Issuer and the Guarantor may not have sufficient assets remaining to make payments on the Notes or the Guarantee, respectively.

No limitation on issuing further debt and guarantees

There is no restriction on the amount of debt which the Issuer may issue ranking equal to the obligations under or in connection with the Notes and there is no restriction on the amount of debt or guarantees which the Guarantor may issue ranking equal to the obligations under or in connection with the Guarantee. Such issuance of further debt may reduce the amount recoverable by the Noteholders upon insolvency or winding-up of the Issuer or the Guarantor or may increase the likelihood that the Issuer or the Guarantor may or shall defer payments of the principal amount or interest under the Notes.

Liquidity risk

There is currently no secondary market for the Notes. Application has been made for the Notes to be admitted to trading on the EU-regulated market segment of the Luxembourg Stock Exchange and to be listed on the official list of the Luxembourg Stock Exchange. There can, however, be no assurance that a liquid secondary market for the Notes will develop or, if it does develop, that it will continue. In an illiquid market, an investor may not be able to sell his Notes at any time at fair market prices. The possibility to sell the Notes might additionally be restricted by country specific reasons.

Fixed rate notes

The Noteholders are exposed to the risk of an unfavourable development of market prices of the Notes as a result of changes in the market interest rate which could materialise if the Noteholders sell the Notes prior to the final maturity. The Notes bear interest at a fixed rate. A holder of a fixed interest

rate note is exposed to the risk that the price of such note may fall because of changes in the current interest rate on the capital market (market interest rate). While the nominal interest rate of a fixed interest rate note is fixed during the life of such note or during a certain period of time, the market interest rate typically changes on a daily basis. If the market interest rate changes, the price of such note changes in the opposite direction. If the market interest rate increases, the price of such note typically falls, until the yield of such note is approximately equal to the market interest rate. If the market interest rate falls, the price of a fixed interest rate note typically increases, until the yield of such note is approximately equal to the market interest rate. Noteholders of the Notes should be aware that movements of the market interest rate can adversely affect the price of the Notes and can lead to losses for the Noteholders if they sell Notes during a period in which the market interest rate exceeds the fixed interest rate of the Notes.

The market value of the Notes could decrease if the creditworthiness of the HORNBACH Baumarkt Group worsens.

If the likelihood that the Issuer will be in a position to fully perform all obligations under the Notes when they fall due decreases, for example, because of the materialization of any of the risks regarding the HORNBACH Baumarkt Group or the Guarantor, the market value of the Notes will suffer. In addition, even if the likelihood that the Issuer will be in position to fully perform all obligations under the Notes when they fall due actually has not decreased, market participants could nevertheless have a different perception. In addition, the market participants' estimation of the creditworthiness of corporate debtors in general or debtors operating in the same business as the HORNBACH Baumarkt Group could adversely change. If any of these risks occurs, third parties would only be willing to purchase Notes for a lower price than before the materialization of mentioned risk. Under these circumstances, the market value of the Notes will decrease.

Currency Risk

The Notes are denominated in euro. If such currency represents a foreign currency to a Noteholder, such Noteholder is particularly exposed to the risk of changes in currency exchange rates which may affect the yield of such Notes measured in the Noteholder's currency. Changes in currency exchange rates result from various factors such as macroeconomic factors, speculative transactions and interventions by central banks and governments.

In addition, government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable currency exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Risks in connection with the application of the German Act on Issues of Debt Securities (Gesetz über Schuldverschreibungen aus Gesamtemissionen)

A Noteholder is subject to the risk of being outvoted and of losing rights towards the Issuer and the Guarantor against his will in the case that Noteholders agree pursuant to the Conditions of Issue to amendments of the Conditions of Issue (or pursuant to the Guarantee to amendments of the terms of the Guarantee) by majority vote according to the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen*). As resolutions properly adopted are binding on all Noteholders, certain rights of such Noteholder against the Issuer or the Guarantor under the Conditions of Issue may be amended or reduced or even cancelled. In the case of an appointment of a Noteholders' representative for all Noteholders a particular Noteholder may lose, in whole or in part, the possibility to pursue, enforce and claim his rights against the Issuer regardless of other Noteholders, such rights passing to the Noteholders' Representative who is then responsible for claiming and enforcing the rights of all Noteholders.

USE OF PROCEEDS

In connection with the offering of the Notes, the Issuer will receive net proceeds of approximately € [●], after deducting aggregate costs and the underwriting commission aggregating up to 0.65 % of the aggregate principal amount of the Notes. The Issuer intends to use the net proceeds for purposes of its general business and refinancing purposes, including the refinancing of the EUR 250 Million 6 1/8% Senior Notes due 2014 which have been terminated for early redemption on 25 February 2013 at a price of 100% of their principal amount.

GENERAL INFORMATION ABOUT THE ISSUER AND ITS GROUP

General

HORNBACH-Baumarkt-Aktiengesellschaft is a stock corporation (*Aktiengesellschaft*) incorporated under the laws of the Federal Republic of Germany. HORNBACH-Baumarkt-Aktiengesellschaft was formed on July 20, 1992 by conversion from HORNBACH-Baumarkt GmbH & Co. KG into a stock corporation. The company was founded for an indefinite period of time. It is registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) in Landau/Pfalz (HRB 2311) under the company name "Hornbach-Baumarkt-Aktiengesellschaft". The Issuer's registered office and business address is at Hornbachstraße 11, 76878 Bornheim, Germany (Telephone +49 (0) 6348 60-00).

History and Development

The origins of HORNBACH-Baumarkt-Aktiengesellschaft go back to a tradesman's business founded in 1877 in Landau/Pfalz by Michael Hornbach, the great-great grandfather of the current chairman of the Board of Management of the company, Steffen Hornbach. In 1900, the founder's son, Wilhelm Hornbach, expanded the business to also trade in building materials. As one of the first do-it-yourself ("DIY") retailers in Germany and Europe, in 1968 Otmar Hornbach, the company founder's great-grandson, opened in Bornheim the first combined DIY store with garden centre – at its time unique in Europe. This combination has since developed to become a European standard in the DIY sector. In the second half of the 1980s, the HORNBACH Baumarkt Group added a new dimension to the market in Europe with its concept of large DIY and home improvement megastores with garden centres (with a sales area of over 10,000 m² per megastore).

Following the company's successful entry into the Austrian market in 1996, the HORNBACH Baumarkt Group has consistently pressed ahead with its expansion into neighbouring European countries. Stores were subsequently opened in The Netherlands, Luxembourg, the Czech Republic, Switzerland, Sweden, Slovakia and Romania.

As of the date of this Prospectus, the HORNBACH Baumarkt Group operates 138 large DIY stores with garden centres, with an aggregate sales area of approximately 1,600,000 m² in nine countries, of which 92 stores are in Germany and 46 of which are in other European countries.

The HORNBACH Baumarkt Group's continual growth in Europe was strengthened by the flotation of HORNBACH-Baumarkt-Aktiengesellschaft in 1993. The ordinary shares in HORNBACH-Baumarkt-Aktiengesellschaft (ISIN DE0006084403, WKN 608440) are listed on the Frankfurt Stock Exchange and have been admitted to the subsection of the regulated market involving additional admission obligations (Prime Standard).

Object of the Issuer

Pursuant to Article 2 of its articles of association, the company objects of HORNBACH-Baumarkt-Aktiengesellschaft are the operating of stores with large selling space, in particular DIY or home improvement centres, with or without garden centres, garden stores, warehouse stores and other warehouse retail businesses. Furthermore, HORNBACH-Baumarkt-Aktiengesellschaft may engage in retail and wholesale trade in, and the production and manufacturing of all types of goods. The Issuer may take any such actions which are suited to directly or indirectly serve its corporate purpose or otherwise in connection therewith. In particular, the Issuer is authorised to found, acquire, or participate in similar types of companies or related branches domestically or outside Germany, and to set up branches.

Financial Year

The financial year of HORNBACH-Baumarkt-Aktiengesellschaft commences on 1 March of each year and ends on the last day of February of the following year.

Auditors

KPMG AG Wirtschaftsprüfungsgesellschaft, The Squire, Am Flughafen, 60549 Frankfurt am Main, Germany („KPMG“), are the auditors of HORNBACH-Baumarkt-Aktiengesellschaft. KPMG is a member of the German Chamber of Auditors (*Mitglied der deutschen Wirtschaftsprüferkammer*).

KPMG audited the consolidated financial statements of HORNBACH-Baumarkt-Aktiengesellschaft Group, which were prepared on the basis of International Financial Reporting Standards (IFRS) for the financial years 1 March 2010 to 28 February 2011 and 1 March 2011 to 29 February 2012. In each case, the auditors issued an unqualified audit opinion.

Business

Overview

The HORNBACH Baumarkt Group is one of the leading European DIY retailers, with a particular focus on the operation of DIY megastores combined with garden centres with a sales area of more than 10,000 m² per megastore and similar store layouts and product portfolios, which are located in urban areas with catchment areas. The HORNBACH Baumarkt Group's sales strategy and product range targets the needs of DIY customers engaged in DIY projects as well as professional customers and offers its customers a broad range of products available consistently and of qualitatively high value, at permanently low prices, as well as a broad range of specialist advice and customer services.

The product range offered by the HORNBACH Baumarkt Group in each of its stores extends, on average, to over 50,000 products in stock and covers all the products areas which are relevant for the HORNBACH Baumarkt Group's primary target customers, the DIY project customers who plan to undertake a large construction or renovation project, or trade professionals. The HORNBACH Baumarkt Group's product range includes tools and hardware, building materials, bathroom fittings and tiles, paint, wall and floor coverings and garden products.

Since December 2010, the stationary retail business in the DIY megastores with garden centres in Germany has been supplemented by the HORNBACH Baumarkt Group's online-shop for building and renovation products operated under the internet address www.hornbach.de, with which the HORNBACH Baumarkt Group aims to make targeted use of the opportunities presented by multichannel retailing. On this website, customers can inform themselves (as of December 2012) about over 49,000 products and can order from 24,000 products which can be home delivered. Since January 2013, the HORNBACH Baumarkt Group also operates an online-shop in Austria. The online-shop allows the HORNBACH Baumarkt Group to market to and win customers outside regular opening hours and outside the catchment areas of its stores.

For the financial year 2011/2012 (1 March 2011 to 29 February 2012), the HORNBACH Baumarkt Group generated net sales of EUR 3,001 million (financial year 2010/2011: EUR 2,836 million). The HORNBACH Baumarkt Group's consolidated sales from outside Germany slightly increased to 42.4% of total consolidated sales from 42.1% in the previous year. On a like-for-like basis, i.e. without taking into account any new opening or closures of stores, sales in Germany grew by 5.8% for the financial year 2011/2012. Net of currency items, the Group's like-for-like sales rose by 2.8% for the financial year 2011/2012. The HORNBACH Baumarkt Group's consolidated earnings before interest and taxes (EBIT) for the financial year 2011/2012 rose year-on-year by 7.8% to EUR 128.4 million.

In the first nine months of the financial year 2012/2013 (1 March 2012 to 30 November 2012) the HORNBACH Baumarkt Group generated net sales of EUR 2,428.3 million (same period in the previous year: EUR 2,409.8 million). Sales outside of Germany accounted for 42.5% of consolidated sales (same period in the previous year: 42.5%). Net of currency items, sales in Germany rose year-on-year by 0.8%. Like-for-like consolidated sales declined by 0.8%. In the first three quarters of 2012/2013, the HORNBACH Baumarkt Group's consolidated earnings before interest and taxes (EBIT) declined year-on-year by 13.8% to EUR 133.1 million.

As of 30 November 2012, the HORNBACH Baumarkt Group employed a workforce of 14,201 employees.

Markets

The HORNBACH Baumarkt Group currently operates in nine countries with a total of 138 DIY stores with garden centres (with a total sales area of 1,599,800 m²), of which 92 are in Germany and 46 of which are in other European countries. In the current financial year 2012/2013, the HORNBACH Baumarkt Group has opened four new stores, located in Oberhausen (Germany), Sundbyberg near Stockholm (Sweden), Timisoara (Romania) and Riddes (Canton Wallis, Switzerland). The HORNBACH Baumarkt Group differentiates itself in the market by having a current average sales space of approximately 11,600 m² per store. 104 of the 138 DIY stores operated by the HORNBACH Baumarkt Group qualify as megastores with a sales area of over 10,000 m² per store.

	Number of stores	Sales area (rounded)
Germany	92	989,700 m ²
Luxembourg	1	12,100 m ²
Austria	11	140,300 m ²
The Netherlands	9	100,700 m ²
Czech Republic	8	110,000 m ²
Slovakia	2	31,700 m ²
Switzerland	6	78,600 m ²
Sweden	4	59,200 m ²
Romania	5	77,500 m ²
Europe	46	610,100 m ²
Total	138	1,599,800 m ²

Germany

Germany is the largest DIY market in Europe in terms of sales (Source: FEDIYMA, World DIY Report 2012, September 2012) and is a core regional market for the HORNBACH Baumarkt Group. Since the opening of the first DIY store in Germany in 1968 and a successful expansion of its store network in Germany, the HORNBACH Baumarkt Group operates 92 DIY stores in Germany.

In the financial year 2011/2012, the HORNBACH Baumarkt Group generated sales of EUR 1,729 million (financial year 2010/2011: EUR 1,641 million) in Germany and grew its EBIT from EUR 26.6 million in financial year 2010/2011 to EUR 33.9 million.

According to its own calculations based on market data provided by DIY market observers, the HORNBACH Baumarkt Group's market share in the calendar year 2011 was 9.2% (calendar year 2010: 8.8%) based on the total sales of all operators of DIY stores in Germany. In terms of sales, the HORNBACH Baumarkt Group was the sixth largest DIY retailer in Germany in the year 2011 (Source: FEDIYMA, World DIY Report 2012, September 2012). In 2011, the HORNBACH Baumarkt Group was the leading DIY company based on average sales per square meter of sales space (EUR 2,105) in Germany (Source: Dähne Statistik DIY 2012, March 2012).

The HORNBACH Baumarkt Group has consistently improved its market position in the DIY sector in Germany over the past years. According to its own calculations based on market data provided by DIY market observers, the HORNBACH Baumarkt Group increased its annual sales in the period from 1995 to 2011 on average by 5.3%, a rate of growth which is significantly higher than that of the German market as a whole in the same period, which in the same period experienced an average rate of growth in net sales of only 1.6%.

Europe

In terms of sales, Europe is the second largest DIY market in the world, after the United States (Source: FEDIYMA, World DIY Report 2012, September 2012). Following the opening of a DIY store with garden centre in Austria in 1996, the HORNBACH Baumarkt Group has consistently pressed ahead with its expansion into neighbouring European countries. Through subsidiaries held by its own subsidiary HORNBACH International GmbH, the HORNBACH Baumarkt Group currently operates stores in 46 locations in eight European countries outside Germany.

In the financial year 2011/2012, the HORNBACH Baumarkt Group generated sales of EUR 1,271 million (financial year 2010/2011: EUR 1,194 million) in European countries outside Germany, and grew its EBIT from EUR 92.5 million in the financial year 2010/2011 to EUR 94.5 million.

Based on total sales of DIY retailers in Europe (including Germany) in the 2011 calendar year, the HORNBACH Baumarkt Group is the sixth largest DIY retailer in Europe in terms of sales (Source: Dähne Statistik DIY International 2012, July 2012).

Strategy

The HORNBACH Baumarkt Group's principal objective is to enhance its position as one of the leading DIY retailers in Europe while increasing its sales, cash flows and profits. Key components for this are the strategic refinement of the HORNBACH Baumarkt Group's concept of DIY megastores and the expansion of its network of stores in areas in Germany and in other European countries at locations with above average potential for profitability and growth. The HORNBACH Baumarkt Group plans to focus on expansion outside Germany as it considers that the potential for growth and higher profitability is greater in markets outside Germany as they are not as saturated in the DIY megastore with garden centre segment as in Germany. The HORNBACH Baumarkt Group believes that it is well positioned to achieve these strategic objectives.

Permanently low prices policy to win customers and customer loyalty

The HORNBACH Baumarkt Group generally does not offer limited promotional price cuts and or other special offers in order to draw customer into its stores. The HORNBACH Baumarkt Group's objective is rather to offer its customers in and outside Germany the ability to purchase each product at permanently low market prices in comparison to regular prices of other competitors. The HORNBACH Baumarkt Group consistently monitors its competitor's prices and combines its permanently low prices policy with a price guarantee. If a competitor regularly offers a product at a lower price outside of promotional offers, the HORNBACH Baumarkt Group will promptly and permanently lower its market price for that item. In doing so, the HORNBACH Baumarkt Group's customers can be assured that they are generally purchasing goods at the lowest price in the market, except for promotional offers. For customers this means that they do not have to wait for the next promotional offer. Particularly for the HORNBACH Baumarkt Group's target customers, the DIY project customers who intend to carry out large construction or renovation projects, this means that they can plan their purchases for the long term. For these customers, product range, quality, and access to general and specialist DIY advice play a greater role in their decisions to buy.

Great breadth and depth of product range and services geared towards the needs of DIY project customers

The typical HORNBACH DIY megastore with an average sales area of nearly 11,600 m² carries approximately 50,000 articles, ensuring that its customers can purchase all the products they require, and that these are routinely in-stock in large volumes and can be easily transported to their homes. The HORNBACH Baumarkt Group primarily targets the needs of DIY project customers planning to carry out construction or renovation projects, which is also reflected in the depth of superior customer advice and services offered to its customers. Such services range from wood-cutting, computer operated paint mixing, hiring of tools and machines to comprehensive information regarding the implementation of selected projects (provided not only by the HORNBACH Baumarkt Group staff on site at the DIY stores, but as well in the form of videos and information leaflets). Customers are also offered individual specialist advice on how to carry out DIY projects as part of the tradesmen service.

Commercial services such as financing of purchases are also offered. Furthermore, the HORNBAACH Baumarkt Group is the first German DIY company to offer its customers the opportunity to reserve online any of more than 30,000 products, and to pick these up within four hours at selected the HORNBAACH Baumarkt Group stores. The HORNBAACH Baumarkt Group believes that DIY project customers tend to buy a higher volume of its products and, consequently, increased sales to such customers are expected to have a positive impact on the HORNBAACH Baumarkt Group's sales.

Large DIY stores with garden centres only in prime locations

As regards locations of its large DIY stores with garden centres, the HORNBAACH Baumarkt Group selects these generally on the basis of prime locations with convenient access to transport in urban areas with major catchment areas. These criteria were, in particular, selected to enhance profitability per sales area, the success of which has been demonstrated by the HORNBAACH Baumarkt Group achieving average net sales per square meter of sales of EUR 1,939 in the financial year 2011/2012. Investments in new locations are generally prepared on the basis of detailed market research analyses which examine, among other criteria, catchment area, purchasing power, potential demand and competition.

Competitive Strengths

The HORNBAACH Baumarkt Group believes that it benefits in particular from the following competitive strengths:

Successful DIY megastore concept

The HORNBAACH Baumarkt Group operates an established base of successful DIY megastores at prime locations that allows the HORNBAACH Baumarkt Group to achieve significant benefits in customer service, marketing and cost efficiency. The HORNBAACH Baumarkt Group was one of the first DIY retailers to introduce the DIY megastore concept in Europe, which has become the dominant European format for DIY stores, and has over 30 years of experience in operating large format DIY stores. The HORNBAACH Baumarkt Group's DIY megastores, which now represent 104 of the 138 DIY stores with garden centres operated by the HORNBAACH Baumarkt Group and approximately 85% share of the total sales area, have a sales area of 10,000 m² and more per store and common product offerings and service levels and similar store design. This facilitates the rapid rollout of universal and innovative concepts to old and new sales areas alike. The HORNBAACH Baumarkt Group believes that operating a homogeneous portfolio of DIY megastores allows it to generate significant economies of scale in store development, store operations, procurement, logistics and advertising. The size of the stores allows the HORNBAACH Baumarkt Group to offer its customers a broad and deep range of products consisting of approximately 50,000 products. The HORNBAACH Baumarkt Group's common product offerings enables it to roll out products in all DIY stores and garden centres in a systematic manner and to conduct standardised marketing campaigns enhancing its already strong brand recognition. Its economies of scale in procurement, logistics and branding allow the HORNBAACH Baumarkt Group to implement its "permanently low price" policy while maintaining its margins and profitability. The attractiveness of the HORNBAACH DIY megastore concept is illustrated by its average sales per square meter of sales area. In 2011, the HORNBAACH Baumarkt Group was the leading DIY retailer based on average sales per square meter of sales space (EUR 2,105) in Germany (Source: Dähne Statistik DIY 2012, March 2012).

Offering value for money

In the HORNBAACH Baumarkt Group's experience, its DIY project and professional customers look for high quality products. The HORNBAACH Baumarkt Group's product offering therefore is focused on well manufactured and long lasting products. The HORNBAACH Baumarkt Group's strategy is to offer all of its products permanently at the lowest market price in comparison to the standard market price of its competitors, which in the HORNBAACH Baumarkt Group's view offers its customers value for money on each item. Furthermore, the HORNBAACH Baumarkt Group is increasingly developing own labels in cooperation with partners. These provide the HORNBAACH Baumarkt Group's customers with attractive value for money, while at the same time differentiating the HORNBAACH Baumarkt Group from its competitors.

Strong customer loyalty and brand recognition

In various consumer surveys and industry studies, the HORNBAACH Baumarkt Group is rated regularly in first place. In the renowned consumer review “*Kundenmonitor Deutschland*”, which is generally conducted representatively for the whole of Germany, customers were polled on issues affecting them, including customer satisfaction regarding companies in differing sectors. For 2012, the HORNBAACH Baumarkt Group was recognised as the second ranked DIY retailer among the leading nine market participants in the German DIY sector. In 13 out of 37 of the categories polled, customers of DIY stores with garden centres selected the HORNBAACH Baumarkt Group as the number one ranked in comparison to other competitors operating in Germany, including for value for money, quality of goods, and range of services and products. The HORNBAACH Baumarkt Group was ranked second in a further nine categories and ranked third in seven other categories (Source: *Kundenmonitor Deutschland, Bau- und Heimwerkermärkte 2012*).

The HORNBAACH Baumarkt Group benefits from strong brand awareness, which is enhanced by original and, in the HORNBAACH Baumarkt Group’s view, unique TV advertising campaigns.

Low procurement costs and group logistics systems

The HORNBAACH Baumarkt Group is usually able to procure its products at lower prices, on better payment terms, and with lower delivery costs than its competitors as a result of its DIY project and professional customers often seeking higher volumes of products. By developing its own logistics systems the HORNBAACH Baumarkt Group has over the years built up a competitive advantage in terms of procuring transport services. The HORNBAACH Baumarkt Group’s logistics system combines direct supplies to stores, indirect deliveries via central warehouses and cross-docking (which are reloading centres in which small quantities and partial delivery for the stores are bundled).

Experienced and qualified management

The HORNBAACH Baumarkt Group benefits from its well-established and highly qualified management, which has many years of experience in expanding the network of stores in Germany and in other European countries, as well as in optimizing business processes.

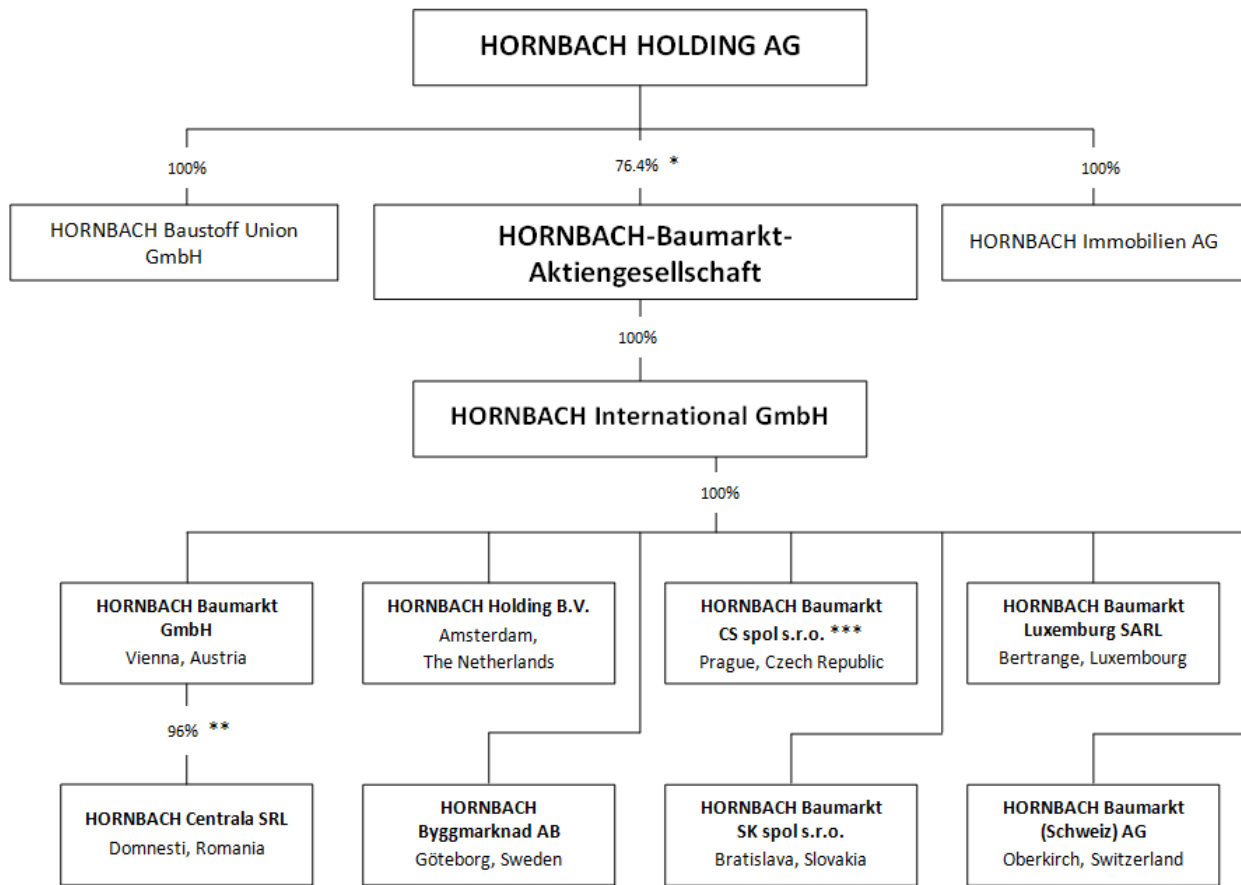
Competition

The HORNBAACH Baumarkt Group is one of the leading DIY retailers in Germany and Europe. The HORNBAACH Baumarkt Group’s main competitors in Germany are OBI, Bauhaus, Praktiker/Max Bahr, Zeus/Hagebau, Toom, Globus/Hela, BayWa and Hellweg and in Europe are Group Adeo, OBI, Bauhaus, Praktiker/Max Bahr and Rautakesko.

Organisational Structure

HORNBAACH-Baumarkt-Aktiengesellschaft is a part of the HORNBAACH HOLDING Group, whose parent company is HORNBAACH HOLDING AG. HORNBAACH Baumarkt Group is the largest operative sub-Group of the HORNBAACH HOLDING Group; HORNBAACH Baustoff Union GmbH and HORNBAACH Immobilien AG form further sub-Groups.

The diagram below depicts, in abbreviated form (excluding certain shareholdings of minor significance for the operational business), an overview of the structure of the HORNBACH-Baumarkt Group and its position within the HORNBACH HOLDING Group as of the date of this Prospectus.



* 5.2% of the remaining shares of HORNBACH-Baumarkt-Aktiengesellschaft are held by Kingfisher plc and further 18.4% of the shares are held in free float.

** Approximately 4% of the shares of HORNBACH Centrala SRL are directly held by HORNBACH-Baumarkt-Aktiengesellschaft.

*** 0.004% of the shares of HORNBACH Baumarkt CS spol s.r.o. are directly held by HORNBACH-Baumarkt-Aktiengesellschaft.

Investments

Since the date of the consolidated financial statements for the financial year 2011/2012 as of 29 February 2012, the HORNBACH Baumarkt Group has made investments in land and buildings, in plant and office equipment at new and existing stores, as well as in intangible assets (predominantly IT software). During the period from 1 March 2012 to 30 November 2012, the HORNBACH Baumarkt Group has invested approximately EUR 40.6 million in its operations within Germany and approximately EUR 50.3 million in its operations abroad. In the fourth quarter of the current financial year 2012/2013, the HORNBACH Baumarkt Group has made investments in connection with the construction of stores in Bremen and Oberhausen.

Regarding the future, capital expenditure requirements will particularly arise of the further expansion of the store portfolio and the regular maintenance requirements regarding existing stores. The HORNBACH Baumarkt Group plans up to four further store openings in the course of the financial year 2013/2014. These investments are expected to be mainly financed by the HORNBACH Baumarkt Group's operational cash flow.

Material Contracts

Below is a description of all material contracts outside the ordinary course of business which could result in any member of the HORNBACH Baumarkt Group being under an obligation or have any entitlement that is material to the Issuer's ability to meet its obligations to the Noteholders in relation to the offered Notes.

Control and Profit and Loss Transfer Agreement with HORNBACH International GmbH

HORNBACH-Baumarkt-Aktiengesellschaft as the controlling entity and HORNBACH International GmbH as the controlled entity entered into a Control and Profit and Loss Transfer Agreement on 1 March 1996, which was amended on 24 February 2000. According to this agreement, HORNBACH-Baumarkt-Aktiengesellschaft is entitled to issue directions to HORNBACH International GmbH's management and HORNBACH International GmbH is obliged to transfer its entire profit as determined in accordance with the relevant provisions of the German Commercial Code less any loss carry-forward to HORNBACH International GmbH. The Control and Profit and Loss Transfer Agreement may be terminated each year.

Issuance of notes in November 2004

In November 2004, the Issuer issued its EUR 250 million 6 1/8% Senior Notes due 15 November 2014. Interest on the notes accrues at 6.125% per annum and is payable semi-annually in arrear on 15 May and 15 November of each year. The notes are senior unsecured obligations of the Issuer, rank equally with other senior unsecured debt of the Issuer and are guaranteed on a senior unsecured basis by certain members of the HORNBACH Baumarkt Group.

Since 15 November 2012, the Issuer has been entitled to redeem all or, from time to time, some of the notes upon not less than 30 nor more than 60 day's notice, at 100% of their principal amount. The Issuer has given such notice and accordingly the notes will be redeemed on 25 February 2013.

Certificate of indebtedness (Schuldscheindarlehen) dated 17 June 2011

On 17 June 2011, the Issuer has entered into a certificate of indebtedness (*Schuldscheindarlehen*) with, *inter alia*, Landesbank Baden-Württemberg and WestLB AG as Joint Coordinators pursuant to which Landesbank Baden-Württemberg, Deutsche Postbank International S.A., Erste Group Bank AG, HSH Nordbank AG, WestLB AG and Norddeutsche Landesbank Girozentrale as lenders have granted a loan in the amount of EUR 80 million to the Issuer (the "**Loan**"). In connection with such certificate of indebtedness, HORNBACH International GmbH granted an unconditional and irrevocable several guarantee (*selbstständiges Garantieverprechen*) for the benefit of the lenders for immediate repayment of the Loan. The maturity date of the certificate of indebtedness (*Schuldscheindarlehen*) is 30 June 2016.

The certificate of indebtedness (*Schuldscheindarlehen*) provides for certain restrictions with respect to the HORNBACH Baumarkt Group's operational and financial flexibility. In particular, the Issuer and the Guarantor have to adhere to general undertakings, which include limitations on financial indebtedness and third party loans as well as an undertaking that no substantial change is made to the general nature of the business of the Issuer and the Guarantor and a negative pledge undertaking. In addition, the Issuer has to adhere to financial covenants with respect to interest cover and equity ratio.

Any breach of the contractual undertakings and the agreed financial covenants will in general trigger a right of early termination on the part of the lenders, who will in this case be entitled to demand immediate repayment of the Loan. If a person or a group of persons acting in concert gain control of the Issuer or the Guarantor, the lenders have a right of early termination.

Syndicated loan agreement dated 23 November 2011

On 23 November 2011, the Issuer entered into a syndicated revolving credit facility between the Issuer as borrower, HORNBACH International GmbH and HORNBACH Immobilien AG as guarantors and, *among others*, Commerzbank Aktiengesellschaft, Deutsche Bank AG, Erste Group Bank AG, HSBC Trinkaus & Burkardt AG, Landesbank Baden-Württemberg and UniCredit Bank AG as mandated lead arrangers and bookrunners (the "**Syndicated Loan Agreement**"). The Syndicated Loan Agreement provides for facilities of up to EUR 250 million. The credit line may also be drawn up to an amount of EUR 25 million in foreign currencies, particularly in CHF, SEK and CZK. Moreover supplementary bilateral loan agreements of up to EUR 50 million may also be agreed (also in foreign currencies) within the credit framework. The maturity date of the Syndicated Loan Agreement is 14 December 2016.

Any amounts drawn down under the credit line shall bear interest based on the 3-month or 6-month EURIBOR or the corresponding LIBOR plus an interest margin. The relevant interest margin is determined based on the rating granted to the Issuer by an internationally recognised rating agency. Margin premiums are charged for utilization rates above specified thresholds and for utilization in foreign currencies. A provision fee based on the respective interest margin is charged for unutilised portion of the credit line.

Customary bank covenants were agreed for the Syndicated Loan Agreement. Interest cover (EBITDA/gross interest expenses) of at least 2.25 and an equity ratio of at least 25% must be met on the level of HORNBACH Baumarkt Group. Furthermore, alongside the warranties, guarantees and disclosure duties customary for such financial transactions, HORNBACH Baumarkt Group also committed itself not to perform specified actions or measures. These relate in particular to compliance with maximum limits for the encumbrance of assets, financing facilities secured by land charges, and the taking up of financial debt by subsidiaries. There are also limits on the volume of loans which may be granted to third parties outside the HORNBACH Baumarkt Group.

Legal and Arbitration Proceedings

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the twelve months preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on the Issuer's or the HORNBACH Baumarkt Group's financial position or profitability.

Rating

The rating agency Moody's Investors Service, Inc. ("**Moody's**")¹ has assigned the rating Ba2² (outlook positive) to the Issuer. The rating agency Standard & Poor's Credit Market Services Europe Limited ("**Standard & Poor's**")³ has assigned the rating BB+² (outlook stable) to the Issuer.

¹ Moody's is established in the European Community and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, amended by Regulation (EC) No 513/2011 of the European Parliament and of the Council of 11 March 2011 (the "**CRA Regulation**"). The European Securities and Markets Authority publishes on its website (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) a list of credit rating agencies registered in accordance with the CRA Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 CRA Regulation. The European Commission shall publish that updated list in the Official Journal of the European Union within 30 days following such update.

² A credit rating assesses the creditworthiness of an entity and informs an investor therefore about the probability of the entity being able to redeem invested capital. It is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

³ Standard & Poor's is established in the European Community and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, amended by Regulation (EC) No 513/2011 of the European Parliament and of the Council of 11 March 2011 (the "**CRA Regulation**"). The European Securities and Markets Authority publishes on its website (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) a list of credit rating agencies registered in accordance with the CRA Regulation. That list is updated within five

Obligations of Issuers rated Ba by Moody's are judged to speculative grade. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 2 indicates that the obligation ranks in the middle of its generic rating category.

Obligations of Issuers rated BB by Standard & Poor's are judged to non investment grade speculative. Standard & Poor's appends + or – to each generic rating classification from AA through CCC.

Management and Administrative Bodies

In accordance with the German Stock Corporation Act (*Aktiengesetz*), HORNBACH-Baumarkt-Aktiengesellschaft has a dualistic management structure, which assigns management of the company to the Board of Management (*Vorstand*) and supervision of the Board of Management to the Supervisory Board (*Aufsichtsrat*). The powers and responsibilities vested in these governing bodies are set forth in the German Stock Corporation Act, HORNBACH-Baumarkt-Aktiengesellschaft's articles of association, and the internal rules for the Management Board and the Supervisory Board.

Board of Management

The Board of Management of HORNBACH-Baumarkt-Aktiengesellschaft consists of seven members; a chairman as well as a deputy chairman has been appointed. The following table lists the current members of the Management Board.

<i>Name</i>	<i>Areas of Responsibility</i>	<i>Other activities outside of the Issuer</i>
Steffen Hornbach (Chairman)	Strategic Development, Construction and Technical Procurement, New Distribution Channels, After Sales Services	HORNBACH Immobilien AG, Member of Supervisory Board
Roland Pelka (Deputy Chairman)	Finance, Accounting and Tax, Group Controlling, Risk Management, Loss Prevention, Information Technology, Investor Relations	HORNBACH HOLDING AG, Member of Board of Management HORNBACH Immobilien AG, Deputy Chairman of Supervisory Board HORNBACH International GmbH, Managing Director WASGAU Produktions & Handels AG, Member of Supervisory Board Commerzbank AG, Member of Regional Advisory Board, Central Region
Frank Brunner	Operative Store Management, Sales and Services	HORNBACH International GmbH, Managing Director

<i>Name</i>	<i>Areas of Responsibility</i>	<i>Other activities outside of the Issuer</i>
Susanne Jäger	Strategic and Operative Procurement, Store Planning, Store Development, Imports, Quality Assurance	—
Wolfger Ketzler	Personnel, Real Estate Development, Internal Audit and Legal	RNR AG, Chairman of Supervisory Board
Ingo Leiner	Logistics, Company Development, In-house Consulting	—
Jürgen Schröcker	Marketing, Market Research, Internal Communications, Public Relations, Environmental Issues, Project Show / Sales Promotion	—

Each member of the Board of Management can be contacted at the business address of HORNBAACH-Baumarkt-Aktiengesellschaft.

Supervisory Board

The Supervisory Board of HORNBAACH-Baumarkt-Aktiengesellschaft consists of twelve members and, consistent with the German Co-Determination Act (*Mitbestimmungsgesetz*), includes equal numbers of shareholder and employee representatives. The following table lists the current members of the Supervisory Board.

<i>Name</i>	<i>Principal Activities</i>	<i>Other mandates</i>
Albrecht Hornbach (Chairman)	HORNBAACH HOLDING AG, Chairman of Board of Management	HORNBAACH Immobilien AG, Chairman of Supervisory Board Rheinland-Pfalz Bank, Member of Advisory Board
Kay Strelow (Deputy Chairman) *	Section Manager Berlin-Marzahn Store	—
Dr. Wolfgang Rupf (Further Deputy Chairman)	Rupf Industries GmbH and Rupf Engineering GmbH, Managing Director	HORNBAACH HOLDING AG, Chairman of Supervisory Board IVA Valuation & Advisory AG, Deputy Chairman of Supervisory Board
Jörg Heine *	Incoming Merchandise Manager Duisburg Store	—

<i>Name</i>	<i>Principal Activities</i>	<i>Other mandates</i>
Rudolf Helfer *	Senior Occupational Safety Specialist	—
Sabine Hoffmann*	Customer Service Employee	—
Martin Hornbach	Corivus AG, Member of Board of Management	Corivus Swiss AG, Member of Supervisory Board
Véronique Laury	Kingfisher plc, Director of Commercial Strategy	—
Christian Lilie *	District Manager, Germany South	—
Johannes Otto *	Assistant Store Manager Schwetzingen Store	—
Joerg Walter Sost	J.S. Consulting GmbH Managing Partner	Bürger Glas- und Fasertechnik, Chairman of Advisory Board Altreus GmbH, Member of Advisory Board Bürger GmbH, Member of Advisory Board Spirella AG, Member of Administrative Board Spirella Holding AG, Member of Administrative Board Freudenberg Schwab Vibration Control AG, Member of Advisory Board
Prof. Dr.-Ing. Jens P. Wulfsberg	Universität der Bundeswehr Hamburg, Professor of Production Technology	—

* Employee representative

Each member of the Supervisory Board can be contacted at the business address of HORNBACH-Baumarkt-Aktiengesellschaft.

The Supervisory Board has established three committees: the Audit Committee, the Personnel Committee and the Mediation Committee pursuant to paragraph 3 of Section 27 of the Co-Determination Act.

Conflict of Interest

None of the members of the Board of Management or the Supervisory Board has declared that there are any potential conflicts of interest between any duties towards HORNBAACH-Baumarkt-Aktiengesellschaft and their private interests or other duties.

Board Practices

The Supervisory Board's Audit Committee currently consists of five members: Dr. Wolfgang Rupf (Chairman), Albrecht Hornbach, Martin Hornbach, Johannes Otto, and Joerg Walter Sost. The Audit Committee prepares the Supervisory Board's negotiations and corporate resolutions regarding all accounting related issues, in particular the annual accounts. The committee also attends to questions regarding risk management and compliance, the required independence of auditors, the granting of mandates to auditors to carry out audits, the determination of the key areas of an audit review and fee agreements, as well as any other task allocated to it pursuant to Section 107 (3) Sentence 2 of the German Stock Corporation Act (*Aktiengesetz*). Furthermore, the Audit Committee shall provide the Supervisory Board with a recommendation for the Supervisory Boards' proposal regarding the distribution of profits. If the Supervisory Board is to approve the annual accounts of HORNBAACH-Baumarkt-Aktiengesellschaft or the consolidated annual accounts, the Audit Committee will provide it with its recommendation. The Audit Committee has so far met four times during the current financial year 2012/2013.

Corporate Governance

On 19 December 2012, the Board of Management and the Supervisory Board of HORNBAACH-Baumarkt-Aktiengesellschaft declared pursuant section 161 of the German Stock Corporation Act (*Aktiengesetz*) that the recommendations of the "German Corporate Governance Code", as outlined in the version dated 15 May 2012 and published in the electronic Federal Gazette on 15 June 2012, have basically been met since the previous Declaration of Conformity and continue to be met. Application has not been made and is not made of the recommendations included in Point 3.8 (3), Point 4.1.5, Point 4.2.3 (4) and (5), Point 5.2 (2) Sentence 1, Point 5.3.3, Point 5.4.1 (2) and (3), Point 5.4.2 Sentence 3 and Point 5.4.6 (3) Sentence 1.

The aforementioned deviations from the recommendations have arisen on account of the following considerations:

Point 3.8 (3)

In Point 3.8(3), the Code recommends agreeing a specified deductible in any D&O insurance policy to be taken out for supervisory board members. For supervisory board members as well, this should be based on the legal requirements for management board members arising due to the Act on the Appropriateness of Management Board Compensation (*VorstAG*) dated July 31, 2009. No such deductible has been agreed at the expense of members of the Supervisory Board. This would reduce the attractiveness of the Supervisory Board activities, and thus also the company's chances to attract qualified candidates among competition. Furthermore, it would also improperly apply to employee representatives. The recommendation made in Point 3.8(3) has therefore not been and will not be followed.

Point 4.2.3 (4) and (5)

Furthermore, no application has been made or is made of the recommendations included in Point 5.2.3(4) and (5) of the Code ("severance pay cap"). The deviation to Point 4.2.3(4) and (5) is due to competition-related factors. Apart from that, it still has to be definitively clarified whether and how the recommendations included in Point 4.2.3(4) are legally enforceable.

Point 5.2 (2) Sentence 1

The recommendations in Point 5.2(2) Sentence 1 of the Code include the recommendation that the supervisory board chairman should also chair the committee that handles contracts with members of the management board. The company has deviated and continues to deviate from this recommendation. This deviation is intended to avoid any mere indication of a conflict of interest on the

part of the Supervisory Board Chairman that could result from the fact that the Supervisory Board Chairman is the brother of the Chairman of the Board of Management of HORNBAACH-Baumarkt-Aktiengesellschaft.

Point 5.3.3

In Point 5.3.3, the Code recommends that the supervisory board should form a nomination committee composed exclusively of shareholder representatives, which proposes suitable candidates to the supervisory board for its election proposals to the Annual General Meeting. The company's Supervisory Board has not formed such a committee. Based on the HORNBAACH-Baumarkt-Aktiengesellschaft's experience to date, the establishment of such a committee would not appear to be necessary.

Point 5.4.1 (2) and (3) and Point 4.1.5

The company deviates from the recommendations made in Points 5.4.1 (2) and (3) and in Point 4.1.5. In the composition of its Board of Management and Supervisory Board, as well as of other management positions, HORNBAACH-Baumarkt-Aktiengesellschaft accords priority above all to the knowledge, ability and expert experience required on the individuals in question.

Point 5.4.2 Sentence 3

In Point 5.4.2 Sentence 3, the Code recommends that the supervisory board should not include more than two former management board members. This is intended to ensure the autonomy of the supervisory board in its advising and monitoring of the management board. However, the Code does not stipulate any number of years for which a former member of the management board is impaired in this respect following his or her departure from the management board. As a matter of precaution, the company therefore declared that it deviates from the recommendation made in Point 5.4.2 Sentence 3, even though Dr. Wolfgang Rupf, Albrecht Hornbach and Martin Hornbach retired from their positions on the Board of Management of HORNBAACH-Baumarkt-Aktiengesellschaft on 31 October 1996, 31 October 2001 and on 31 December 2001 respectively.

Point 5.4.6 (3) Sentence 1

In Point 5.4.6 (3) Sentence 1, the Code recommends that the compensation of the supervisory board members be reported in the corporate governance report on an individual basis and broken down into its constituent components. Given that the compensation of the Supervisory Board is governed by the Articles of Association, the Board of Management and the Supervisory Board did not see the necessity for the disclosure of individual compensation packages.

Share Capital

As of the date of this Prospectus, the share capital of HORNBAACH-Baumarkt-Aktiengesellschaft amounts to EUR 95,421,000.00, it is fully paid and is divided into 31,807,000 no-par ordinary bearer shares with voting rights.

Shareholders

HORNBAACH-Baumarkt-Aktiengesellschaft is controlled by its parent company HORNBAACH HOLDING AG which directly holds 76.4% of the shares in HORNBAACH-Baumarkt-Aktiengesellschaft. The British DIY retailer, Kingfisher plc, with whom there has been a strategic alliance since 2002, directly holds 5.2% of the shares in HORNBAACH-Baumarkt-Aktiengesellschaft. The remaining 18.4% of the shares in HORNBAACH-Baumarkt-Aktiengesellschaft are held in free float.

HORNBAACH-Baumarkt-Aktiengesellschaft is indirectly controlled by Hornbach Familientreuhand GmbH which holds 75% (minus two shares) of the ordinary shares of HORNBAACH HOLDING AG. In addition to its direct holding in HORNBAACH-Baumarkt-Aktiengesellschaft, Kingfisher plc. has an indirect holding in the Issuer through its participation in HORNBAACH HOLDING AG of 25% (plus two shares) of the ordinary shares of HORNBAACH HOLDING AG.

Selected Financial Information

The following table sets out the key financial information regarding the HORNBACH Baumarkt Group extracted from the audited consolidated financial statements for the financial year ending on 28 February 2011 and 29 February 2012 as well as the unaudited interim consolidated accounts for the first nine months of the financial year 2012/13 as of 30 November 2012.

Key figures (in EUR million, unless otherwise stated) **	9 months ended 30 November 2012	9 months ended 30 November 2011	Financial year ended 29 February 2012	Financial year ended 29 February 2011
Net sales	2,428	2,409	3,001	2,836
Of which: in other European countries	1,032	1,025	1,272	1,195
Like-for-like sales growth	-0.8%	2.9%	2.8%	2.6%
Gross margin as % of net sales	37.3%	37.4%	37.4%	37.4%
EBITDA *	174.9	194.9	184.3	172.6
Earnings before interest and taxes (EBIT)	133.1	154.3	128.4	119.1
Consolidated earnings before taxes	114.6	137.7	106.5	102.0
Consolidated net income	82.1	100.9	77.4	75.7
Basic/diluted earnings per share (EUR)	2.58	3.17	2.43	2.38
Investments	90.9	73.1	103.7	67.9
Key figures (in EUR million, unless otherwise stated) **	30 November 2012	29 February 2012	28 February 2011	
Total assets	1,723.1	1,628.1	1,591.7	
Shareholders' equity	856.0	792.0	729.9	
Shareholders' equity as % of total assets	49.7	48.6%	45.9%	

* EBITDA = Earnings before interest, taxes, depreciation and amortisation.

** Rounding up or down may lead to discrepancies between percentages and totals. Calculation of percentage figures based on EUR '000.

The Issuer has contributed approximately 45% to the consolidated EBITDA of the Hornbach Baumarkt Group as per the first nine months of the financial year 2012/2013 ended 30 November 2012 and the Guarantor together with its subsidiaries and affiliates taken as a whole (HORNBAACH International Group) have contributed approximately 55% to the consolidated EBITDA of the Hornbach Baumarkt Group as per the first nine months of the financial year 2012/2013 ended 30 November 2012.

Interim Financial Statements

The Issuer publishes interim financial statements on a quarterly basis.

Trend Information

There has been a material adverse change in the prospects of HORNBAACH-Baumarkt-Aktiengesellschaft since the date of the audited consolidated financial statements for the financial year 2012/13 ending 29 February 2012. Sales and earnings of the HORNBAACH Baumarkt Group for the current 2012/2013 financial year are expected to be lower than previously targeted. Due to the unfavourable macroeconomic framework in Europe and the deterioration in consumer confidence in the second half of the financial year 2012/2013, the HORNBAACH Baumarkt Group lowered the sales and earnings forecast for the current 2012/2013 financial year. Full-year consolidated sales of HORNBAACH Baumarkt Group for the financial year 2012/2013 are expected at around the previous year's figure of EUR 3.0 billion and operating earnings (EBIT) are expected to fall short of the figure of EUR 128 million reported for the 2011/2012 financial year. Previously, the target was to generate sales growth in a low single-digit percentage range. In December 2012 sales declined from 222.0 million to EUR 218,1 million. Consolidated net income for the month December declined from EUR 0.7 million in December 2011 to EUR -5.4 million in December 2012 and Equity from EUR 856.0 as of 30 November 2012 to EUR 851.6 million as of 31 December 2012.

Recent Developments and Outlook

The Issuer's business development is affected by macroeconomic, sectoral and corporate strategic factors. The developments of the labour market, wages, inflation, as well as of consumer confidence and demand are amongst the most important macroeconomic framework conditions. In the course of the 2012/2013 financial year, the effects of the European debt crisis have resulted in a deterioration of consumer climate particularly in those countries outside Germany where the HORNBAACH Baumarkt Group operates. As regards sectoral and corporate strategic factors, there are no changes in trends.

No significant change in the financial or trading position

There has been no significant change in the financial or trading position of HORNBAACH-Baumarkt-Aktiengesellschaft since 30 November 2012.

GENERAL INFORMATION ABOUT THE GUARANTOR

General

HORNBACH International GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) established under the laws of the Federal Republic of Germany. HORNBACH International GmbH was incorporated on 22 August 1990 for an indefinite period of time. It is registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) in Landau/Pfalz (HRB 2636) under the company name "HORNBACH International GmbH". The Guarantor's registered office and business address is at Hornbachstraße 11, 76878 Bornheim, Germany (Telephone: +49 (0) 6348 60-00).

Object of the Guarantor

According to Article 2 of the Articles of Association (*Gesellschaftsvertrag*) of HORNBACH International GmbH, the objects of the company are to manage and administer an international trade and services group which may engage in the construction, acquisition and operation of large retail stores, in particular DIY or tradesmen centres, with or without garden centres, garden centres, warehouse stores or any specialist retail stores, and any similar or other retail or wholesale trade, the manufacture and tooling of products which are the subject of the trade business, administering and assets and acquiring, administering and disposing of participations in European and other non-European companies of any legal form, and the providing of management and other services for European and non-European subsidiaries and affiliated companies, in each case where the activities are conducted by the company itself or by any of its subsidiaries or affiliated companies or may be transferred to such a company. The company is also entitled to participate in other companies, to acquire or dispose of companies, to establish branches, or to enter into fiscal unity or domination and control agreements of any type, and to enter into any transactions which may promote the company's objectives.

Financial Year

The financial year of HORNBACH International GmbH commences on March 1 of each year and ends on the last day of February of the following year.

Auditors

The independent auditors of HORNBACH International GmbH are KPMG AG Wirtschaftsprüfungsgesellschaft, The Squire, Am Flughafen, 60549 Frankfurt am Main, Germany („KPMG“). KPMG is a member of the German Chamber of Auditors (*Mitglied der deutschen Wirtschaftsprüferkammer*).

KPMG audited the annual accounts of HORNBACH International GmbH, which were prepared in accordance with German accounting standards (HGB) for the financial years 1 March 2010 to 28 February 2011 and 1 March 2011 to 29 February 2012 and in each case issued an unqualified audit opinion.

Business

HORNBACH International GmbH serves as a holding company for its subsidiaries which operate HORNBACH's DIY stores in European countries outside Germany.

Organisational Structure

HORNBACH International GmbH is a wholly-owned (100%) subsidiary of HORNBACH-Baumarkt-Aktiengesellschaft.

For more information on the position of HORNBACH International GmbH within the organizational

structure of the HORNBAACH HOLDING Group, please see the diagram in “General Information regarding the Issuer – Organizational Structure”.

Investments

Since the date of the most recent audited financial statements for the financial year 2011/2012 as of 29 February 2012, HORNBAACH International GmbH has made no material investments. As at the date of this Prospectus, the management of HORNBAACH International GmbH has made no firm commitments on material investments in the future.

Legal and Arbitration Proceedings

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which HORNBAACH International GmbH is aware) in the twelve months preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on the Guarantor’s financial position or profitability.

Material Contracts

HORNBAACH International GmbH has concluded a Control and Profit and Loss Transfer Agreement with its parent company HORNBAACH-Baumarkt-Aktiengesellschaft. For more information please see “General Information regarding the Issuer – Material Contracts – Control and Profit and Loss Transfer Agreement”.

HORNBAACH International GmbH has granted guarantees in connection with the certificate of indebtedness (*Schuldscheindarlehen*) and the Syndicated Loan Agreement entered into by the Issuer. For more information please see “General Information regarding the Issuer – Material Contracts – Certificate of indebtedness dated 17 Juni 2011 / Syndicated Loan Agreement dated 23 November 2011”.

Management Bodies

HORNBAACH International GmbH is managed by its managing directors (*Geschäftsführung*): Roland Pelka, Frank Brunner, and Matthias Meulenber.

Roland Pelka is also Deputy Chairman of the Board of Management of HORNBAACH-Baumarkt-Aktiengesellschaft, a member of the Board of Management of HORNBAACH HOLDING AG, Deputy Chairman of the Supervisory Board of HORNBAACH Immobilien AG, a member of the Supervisory Board of WASGAU Produktions & Handels AG and a member of the of Regional Advisory Board, Central Region, of Commerzbank AG.

Frank Brunner is also a member of the Board of Management of HORNBAACH-Baumarkt-Aktiengesellschaft.

Matthias Meulenber is also a managing director of HORNBAACH Baumarkt GmbH, Vienna, Austria.

HORNBAACH International GmbH is represented by two managing directors, or by a managing director together with an authorised signatory (*Prokurist*), in each case acting jointly.

The managing directors of HORNBAACH International GmbH can be contacted at the business address of HORNBAACH International GmbH.

None of the persons referred to above has declared that there are potential conflicts of interest between any duties to HORNBAACH International GmbH and their private interests and/or other duties.

HORNBAACH International GmbH does not have an audit committee.

Corporate Governance

HORNBACH International GmbH is not a listed stock corporation and therefore is not required to declare its compliance with the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (*Aktiengesetz*).

Share Capital and Shareholder

The registered share capital of HORNBACH International GmbH amounts to EUR 30,000,000.

HORNBACH International GmbH is controlled by its parent company HORNBACH-Baumarkt-Aktiengesellschaft which directly holds 100% of the shares in HORNBACH International GmbH.

HORNBACH International GmbH is indirectly controlled by HORNBACH HOLDING AG, being the controlling shareholder of HORNBACH-Baumarkt-Aktiengesellschaft, and the Hornbach Familientreuhand GmbH as the controlling shareholder of HORNBACH HOLDING AG. HORNBACH International GmbH is indirectly also owned by Kingfisher plc, being a shareholder of HORNBACH-Baumarkt-Aktiengesellschaft and HORNBACH HOLDING AG.

Selected Financial Information

The following table sets out the key financial information regarding HORNBACH International GmbH extracted from the audited unconsolidated financial statements for the financial years ending on 28 February 2011 and 29 February 2012 and the unaudited unconsolidated interim accounts for the first nine months of the financial year 2012/2013 as of 30 November 2012:

Key figures Balance Sheet (in EUR thousand)	9 months ended 30 November 2012	Financial year ended 29 February 2012	Financial year ended 28 February 2011
Non-current assets	93,379	93,351	109,644
Current assets	12,675	12,686	111,714
Equity	106,019	106,019	25,584
Provisions and Liabilities	35	18	86,130

Key figures Profit and loss account (in EUR thousand)	9 months ended 30 November 2012	9 months ended 30 November 2011	Financial year ended 29 February 2012	Financial year ended 28 February 2011
Results from participations	41,916	33,232	33,232	22,134
Results from ordinary business activities	42,449	32,719	16,757	21,588

Profit transferred due to profit and loss transfer agreement	-42,449	-32,719	-16,757	-21,588
Annual net profit	0	0	0	0

Trend Information

There has been a material adverse change in the prospects of HORNBAACH International GmbH since the date of the audited accounts for the financial year ending on 29 February 2012. Sales and earnings of HORNBAACH Baumarkt Group (including HORNBAACH International GmbH and its subsidiaries) for the current 2012/2013 financial year are expected to be lower than previously targeted. Please see "General Information regarding the Issuer – Trend Information".

Recent Developments and Outlook

As regards trends, uncertainties or demands that are reasonably like to have a material effect on HORNBAACH International GmbH's prospects please see "General Information regarding the Issuer – Recent Developments and Outlook".

No significant change in the financial or trading position

There has been no significant change in the financial or trading position of HORNBAACH International GmbH since 30 November 2012.

Historical Financial Statements of the Guarantor

The English language audited unconsolidated Annual German GAAP Financial Statements of HORNBAACH International GmbH for the fiscal year ended on 28 February 2011 consisting of

- Balance Sheet (see page F-3 of this Prospectus),
- Income Statement (see page F-4 of this Prospectus),
- Notes (see pages F-5 to F-11 of this Prospectus),

together with the Auditor's Report (see page F-12 of this Prospectus) and the unaudited Cash Flow Statement (see page F-13 of this Prospectus) are included in this Prospectus starting from page F-2 et seq.

The English language audited unconsolidated Annual German GAAP Financial Statements of HORNBAACH International GmbH for the fiscal year ended on 29 February 2012 consisting of

- Balance Sheet (see page F-15 of this Prospectus),
- Income Statement (see page F-16 of this Prospectus),
- Notes (see pages F-17 to F-22 of this Prospectus),

together with the Auditor's Report (see page F-23 of this Prospectus) and the unaudited Cash Flow Statement (see page F-24 of this Prospectus) are included in this Prospectus starting from page F-14 et seq.

The English language unaudited unconsolidated Interim German GAAP Financial Statements of HORNBAACH International GmbH for the first nine months of the financial year 2012/2013 as of 30 November 2012 consisting of

- Balance Sheet (see page F-26 of this Prospectus),
- Income Statement (see page F-27 of this Prospectus),
- Abridged Notes (see pages F-28 to F-29 of this Prospectus)

are included in this Prospectus starting from page F-25 et seq.

CONDITIONS OF ISSUE

These terms and conditions of the notes (the "Conditions of Issue") are written in the German language and provided with an English language translation. The German text shall be the legally binding version. The English language translation is provided for convenience only.
Diese Anleihebedingungen (die "Anleihebedingungen") sind in deutscher Sprache abgefasst und mit einer englischen Übersetzung versehen. Der deutsche Wortlaut ist rechtsverbindlich. Die englische Übersetzung dient nur zur Information.

Anleihebedingungen

Diese Anleihebedingungen sind in deutscher Sprache abgefasst und mit einer Übersetzung in die englische Sprache versehen. Der deutsche Wortlaut ist allein rechtsverbindlich. Die englische Übersetzung dient nur zur Information.

§ 1

(Verbriefung und Nennbetrag)

- (1) Die HORNBACH-Baumarkt-Aktiengesellschaft (die "**Emittentin**") begibt auf den Inhaber lautende Schuldverschreibungen (die "**Schuldverschreibungen**") im Gesamtnennbetrag von EUR [●], eingeteilt in Schuldverschreibungen im Nennbetrag von je EUR 1.000 (der "**Nennbetrag**").
- (2) Die Schuldverschreibungen werden zunächst durch eine vorläufige Inhaber-Globalurkunde (die "**Vorläufige Globalurkunde**") ohne Zinsscheine verbrieft.

Die Vorläufige Globalurkunde wird frühestens 40 Tage nach dem Tag der Begebung der Schuldverschreibungen gegen Nachweis des Nichtbestehens wirtschaftlichen U.S.-Eigentums im Sinne des U.S.-Rechts (*non-U.S. beneficial ownership*) insgesamt oder teilweise gegen eine dauerhafte Inhaber-Globalurkunde (die "**Dauer-Globalurkunde**") (die Vorläufige Globalurkunde und die Dauer-Globalurkunde jeweils auch eine "**Globalurkunde**" und gemeinsam die "**Globalurkunden**") ohne Zinsscheine ausgetauscht werden, ohne dass hierfür Kosten für die Anleihegläubiger (wie nachstehend definiert) entstehen. Die Globalurkunden werden bei der Clearstream Banking AG, Frankfurt am Main, Deutschland (nachstehend als "**Clearingsystem**" bezeichnet), hinterlegt.

Conditions of Issue

These Conditions of Issue are written in the German language and provided with an English language translation. The German text shall be the only legally binding version. The English language translation is provided for convenience only.

§ 1

(Form and Denomination)

- (1) HORNBACH-Baumarkt-Aktiengesellschaft (the "**Issuer**") issues bearer Notes (the "**Notes**") in the aggregate principal amount of EUR [●] divided into Notes in a denomination of EUR 1,000 (the "**Principal Amount**") each.
- (2) The Notes are initially represented by a temporary global bearer Note (the "**Temporary Global Note**") without interest coupons.

The Temporary Global Note will be exchangeable, free of charge to the Noteholders (as defined below), in whole or in part for a permanent global bearer Note (the "**Permanent Global Note**") (the Temporary Global Note and the Permanent Global Note, each a "**Global Note**" and, together, the "**Global Notes**") without interest coupons not earlier than 40 days after the date of issue of the Notes, upon certification as to non-U.S. beneficial ownership. The Global Notes are deposited with Clearstream Banking AG, Frankfurt am Main, Germany (hereinafter referred to as the "**Clearing System**"). Payment of interest on Notes represented by the Temporary Global Note will be made only after delivery of such certifications. The right of the Noteholders to require the issue and delivery of definitive notes or interest

Zinszahlungen auf durch die Vorläufige Globalurkunde verbriefte Schuldverschreibungen erfolgen erst nach Vorlage solcher oben beschriebenen Bescheinigungen. Ein Recht der Anleihegläubiger auf Ausgabe und Lieferung von Einzelurkunden oder Zinsscheinen besteht nicht.

Die Vorläufige Globalurkunde und die Dauer-Globalurkunde tragen jeweils die eigenhändigen Unterschriften von zwei Vertretungsberechtigten der Emittentin sowie die eigenhändige Unterschrift eines Vertretungsberechtigten der Hauptzahlstelle (wie in § 10 definiert).

- (3) Die Globalurkunden werden solange von dem Clearingsystem oder im Auftrag des Clearingsystems verwahrt, bis sämtliche Verpflichtungen der Emittentin aus den Schuldverschreibungen erfüllt sind.

Den Inhabern von Schuldverschreibungen ("**Anleihegläubiger**") stehen Miteigentumsanteile an den Globalurkunden zu, die gemäß anwendbarem Recht und den jeweils geltenden Bestimmungen und Regeln des Clearingsystems übertragen werden können.

§ 2

(Status, Negativverpflichtung, Garantie)

- (1) Die Schuldverschreibungen begründen nicht nachrangige und nicht besicherte Verbindlichkeiten der Emittentin, die untereinander und mit allen anderen nicht besicherten und nicht nachrangigen Verbindlichkeiten der Emittentin gleichrangig sind, soweit diesen Verbindlichkeiten nicht durch zwingende gesetzliche Bestimmungen ein Vorrang eingeräumt wird.
- (2) Die Emittentin verpflichtet sich, solange Schuldverschreibungen ausstehen, jedoch nur bis zu dem Zeitpunkt, an dem alle Beträge an Kapital und Zinsen an das Clearingsystem oder an dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearingsystems zur Verfügung gestellt worden sind,
- (a) kein Grundpfandrecht, Mobiliarpfandrecht, Pfandrecht oder sonstiges dingliches Sicherungsrecht (jedes ein "**Sicherungsrecht**") an ihren gesamten Vermögenswerten oder Teilen davon zur Besicherung einer anderen gegenwärtigen oder

coupons is excluded.

The Temporary Global Note and the Permanent Global Note shall each bear the manual signatures of two duly authorised officers of the Issuer as well as the manual signature of a person duly authorised by the Principal Paying Agent (as defined in § 10) .

- (3) The Global Notes will be held in custody by or on behalf of the Clearing System until all obligations of the Issuer under the Notes have been satisfied.

The holders of Notes ("**Noteholders**") are entitled to co-ownership participations in the Global Notes, which are transferable in accordance with applicable laws and the rules and regulations of the Clearing System.

§ 2

(Status, Negative Pledge, Guarantee)

- (1) The obligations under the Notes constitute unsubordinated and unsecured obligations of the Issuer ranking *pari passu* among themselves and *pari passu* with all other unsecured and unsubordinated obligations of the Issuer, unless such obligations are accorded priority under mandatory provisions of statutory law.
- (2) The Issuer undertakes, so long as any of the Notes are outstanding, but only up to the time that all amounts of principal and interest have been placed at the disposal of the Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System,
- (a) not to create or permit to subsist any mortgage, charge, pledge or other form of encumbrance *in rem* (each a "**Security Interest**") over the whole or any part of its assets to secure any present or future Capital Market Indebtedness; and

zukünftigen
Kapitalmarktverbindlichkeit zu
gewähren oder bestehen zu lassen;
und

- (b) zu veranlassen (soweit rechtlich möglich und zulässig), dass keine andere Gesellschaft der Gruppe ein Sicherungsrecht an seinen jeweiligen gesamten Vermögenswerten oder jeweiligen Teilen davon zur Besicherung einer eigenen oder fremden gegenwärtigen oder zukünftigen Kapitalmarktverbindlichkeit mit Sicherungsrechten gewährt oder bestehen lässt,

ohne zuvor oder gleichzeitig die Anleihegläubiger gleichrangig an einem solchen Sicherungsrecht gleichwertig zu beteiligen oder zu Gunsten der Anleihegläubiger ein Sicherungsrecht zu gleichwertigen Bedingungen zu bestellen, welches von einem unabhängigen Sachverständigen als gleichwertige Sicherheit beurteilt wird.

Diese Verpflichtung findet keine Anwendung auf ein Sicherungsrecht, das durch eine Emissionstochtergesellschaft der Emittentin an deren gegenwärtigen oder zukünftigen Ansprüchen gegenüber der Emittentin aus der Weiterleitung des Erlöses aus dem Verkauf von Wandelschuldverschreibungen auf Aktien der Emittentin bestellt wird, sofern die bestellte Sicherheit der Sicherung der Verpflichtungen dieser Emissionstochtergesellschaft aus den Wandelschuldverschreibungen dient.

"Emissionstochtergesellschaft"

bezeichnet jede Objektgesellschaft für die Emission von Wandelschuldverschreibungen.

Eine nach diesem Absatz (2) zu leistende Sicherheit kann auch zu Gunsten eines Treuhänders der Anleihegläubiger bestellt werden.

"Gruppe" bezeichnet die Emittentin und ihre jeweiligen Tochtergesellschaften.

"Kapitalmarktverbindlichkeit" ist jede Verbindlichkeit zur Zahlung oder Rückzahlung aufgenommener Gelder (einschließlich Verpflichtungen aus Garantien oder anderen Haftungsvereinbarungen für eine solche Verbindlichkeit eines Dritten) aus Schuldverschreibungen oder sonstigen

- (b) to procure (to the extent legally possible and permissible) that no other member of the Group will create or permit to subsist any Security Interest over the whole or any part of its assets to secure any present or future own or third-party Capital Market Indebtedness,

without prior thereto or at the same time letting the Noteholders share *pari passu* and equally in such Security Interest or benefit from an equivalent Security Interest, which shall be approved by an independent expert as being equivalent security.

This undertaking shall not apply to a Security Interest which is provided by an Issuance Subsidiary of the Issuer over any claims of this Issuance Subsidiary against the Issuer, which claim exists now or arises at any time in the future, in each case as a result of the passing on of proceeds from the sale by the Issuer of any bonds convertible into shares of the Issuer, provided that any such security serves to secure obligations of this Issuance Subsidiary under such convertible bonds.

"Issuance Subsidiary" means any special purpose vehicle for the issuance of convertible bonds.

Any security which is to be provided pursuant to this subsection (2) may also be provided to a person acting as trustee for the Noteholders.

"Group" means the Issuer and its Subsidiaries from time to time

"Capital Market Indebtedness" means any obligation for the payment or repayment of borrowed monies (including obligations by reason of any guarantee or other liability agreement for any such obligation of a third party) under any notes or other securities which are or are capable of being quoted, listed, dealt in or

Wertpapieren, die an einer Börse, einem Over-the-Counter-Markt oder an einem anderen anerkannten Wertpapiermarkt notiert oder gehandelt werden oder werden können, oder aus Schuldscheindarlehen nach deutschem Recht.

"**Tochtergesellschaft**" bezeichnet ein Tochterunternehmen der Emittentin im Sinne von § 290 Handelsgesetzbuch (HGB).

- (3) Die HORNBACH INTERNATIONAL GmbH, (die "**Garantin**") hat gemäß Garantie vom 15. Februar 2013 (die "**Garantie**") jeweils gegenüber der Hauptzahlstelle zugunsten der Anleihegläubiger die unbedingte und unwiderrufliche Garantie für die Zahlung von Kapital, Zinsen und etwaigen sonstigen Beträgen, die nach diesen Anleihebedingungen von der Emittentin zu zahlen sind, übernommen.

(a) Die Garantie begründet eine unmittelbare und nicht nachrangige Verpflichtung der Garantin, die mit allen anderen gegenwärtigen und zukünftigen nicht besicherten und nicht nachrangigen Verbindlichkeiten der Garantin zumindest im gleichen Rang steht, mit Ausnahme von Verbindlichkeiten, die nach geltenden Rechtsvorschriften vorrangig sind. Mit der Erfüllung einer Zahlungsverpflichtung der Garantin zugunsten eines Anleihegläubigers aus der Garantie erlischt zugleich das jeweilige garantierte Recht des betreffenden Anleihegläubigers aus diesen Anleihebedingungen.

(b) Die Garantie stellt einen Vertrag zugunsten der jeweiligen Anleihegläubiger als begünstigte Dritte gemäß § 328 Absatz 1 BGB dar, so dass ausschließlich die jeweiligen Anleihegläubiger Erfüllung der Garantie unmittelbar von der Garantin verlangen und die Garantie unmittelbar gegen die Garantin durchsetzen können.

§ 3 (Zinsen)

- (1) Die Schuldverschreibungen werden

traded on a stock exchange, an over-the-counter-market or other recognised securities market, or under Schuldschein loans governed by German law.

"**Subsidiary**" means any subsidiary (*Tochterunternehmen*) of the Issuer within the meaning of § 290 of the German Commercial Code (*Handelsgesetzbuch*).

- (3) Each of HORNBACH INTERNATIONAL GmbH (the "**Guarantor**") has given towards the Principal Paying Agent for the benefit of the Noteholders the unconditional and irrevocable guarantee for the payment of principal and interest together with all other sums payable by the Issuer under these Conditions of Issue pursuant to a guarantee, dated 15 February 2013 (the "**Guarantee**").

(a) The Guarantee constitutes a direct and unsubordinated obligation of the Guarantor, ranking at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Guarantor, save for such obligations which may be preferred by applicable law. Upon discharge of any payment obligation of the Guarantor subsisting under the Guarantee in favour of any Noteholder, the relevant guaranteed right of such Noteholder under these Conditions of Issue will cease to exist.

(b) The Guarantee constitutes a contract in favour of the respective Noteholders as third party beneficiaries pursuant to § 328(1) of the German Civil Code (*Bürgerliches Gesetzbuch*) so that only the respective Noteholders will be entitled to claim performance of the Guarantee directly from the Guarantor and to enforce the Guarantee directly against the Guarantor.

§ 3 (Interest)

- (1) The Notes shall bear interest on their

bezogen auf ihren Gesamtnennbetrag verzinst, und zwar ab dem 15. Februar 2013 (der "**Verzinsungsbeginn**") (einschließlich) bis zum Tag der Rückzahlung (ausschließlich) mit jährlich **[●]** %. Die Zinsen sind nachträglich am 15. Februar eines jeden Jahres zu zahlen (jeweils ein "**Zinszahlungstag**"), erstmals am 15. Februar 2014.

- (2) Falls die Emittentin die Schuldverschreibungen bei Fälligkeit nicht einlöst, erfolgt die Verzinsung der Schuldverschreibungen vom Tag der Fälligkeit (einschließlich) bis zum Tag der tatsächlichen Rückzahlung der Schuldverschreibungen (ausschließlich) in Höhe des gesetzlich festgelegten Satzes für Verzugszinsen⁴.
- (3) Sind Zinsen für einen Zeitraum zu berechnen, der kürzer als eine Zinsperiode ist oder einer Zinsperiode entspricht, so werden die Zinsen auf der Grundlage der tatsächlichen Anzahl der Tage in dem jeweiligen Zeitraum ab dem ersten Tag des jeweiligen Zeitraums (einschließlich) bis zu dem letzten Tag des jeweiligen Zeitraums (ausschließlich) berechnet, geteilt durch die Anzahl der Tage in der Zinsperiode, in die der jeweilige Zeitraum fällt (einschließlich des ersten Tages der betroffenen Zinsperiode, aber ausschließlich des letzten Tages der betroffenen Zinsperiode).

"**Zinsperiode**" bezeichnet den Zeitraum ab dem Verzinsungsbeginn (einschließlich) bis zu dem ersten Zinszahlungstag (ausschließlich) und danach ab dem jeweiligen Zinszahlungstag (einschließlich) bis zu dem nächstfolgenden Zinszahlungstag (ausschließlich).

§ 4 (Rückzahlung bei Endfälligkeit)

Soweit nicht zuvor bereits ganz oder teilweise zurückgezahlt oder angekauft und entwertet, wird jede Schuldverschreibung am 15. Februar

aggregate principal amount at the rate of **[●]** per cent. per annum from, and including, 15 February 2013 (the "**Interest Commencement Date**") to but excluding, the date of redemption. Interest shall be payable in arrear on 15 February in each year (each such date, an "**Interest Payment Date**"), commencing on 15 February 2014.

- (2) If the Issuer fails to redeem the Notes when due, interest shall continue to accrue beyond the due date (including) to but excluding the date of the actual redemption of the Notes at the default rate of interest established by law⁵.
- (3) Where interest is to be calculated in respect of a period which is shorter than or equal to an Interest Period, the interest will be calculated on the basis of the actual number of days elapsed in the relevant period, from, and including, the first date in the relevant period to, but excluding, the last date of the relevant period, divided by the actual number of days in the Interest Period in which the relevant period falls (including the first such day of the relevant Interest Period but excluding the last day of the relevant Interest Period).

"**Interest Period**" means the period from and including the Interest Commencement Date to, but excluding, the first Interest Payment Date and thereafter from and including each relevant Interest Payment Date to but excluding the next following Interest Payment Date.

§ 4 (Redemption at Maturity)

Unless previously redeemed in whole or in part or purchased and cancelled, each Note shall be redeemed at its Principal Amount on 15 February 2020 (the

⁴ Der gegenwärtig geltende gesetzliche Verzugszinssatz beträgt für das Jahr fünf Prozentpunkte über dem von der Deutsche Bundesbank von Zeit zu Zeit veröffentlichten Basiszinssatz, §§ 288 Absatz 1, 247 Bürgerliches Gesetzbuch.

⁵ The default rate of interest established by law is currently five percentage points above the base rate of interest (*Basiszinssatz*) published by Deutsche Bundesbank from time to time, §§ 288 para. 1, 247 German Civil Code (*Bürgerliches Gesetzbuch*).

2020 (der "**Fälligkeitstag**") zu ihrem Nennbetrag zurückgezahlt.

"**Maturity Date**").

§ 5

(Vorzeitige Rückzahlung, Rückkauf)

- (1) Die Schuldverschreibungen können insgesamt, jedoch nicht teilweise, nach Wahl der Emittentin mit einer Kündigungsfrist von nicht weniger als 30 und nicht mehr als 60 Tagen durch eine Mitteilung an die Anleihegläubiger gemäß § 13 vorzeitig gekündigt und zu ihrem Nennbetrag zuzüglich bis zum Tag der vorzeitigen Rückzahlung (ausschließlich) aufgelaufener Zinsen zurückgezahlt werden, falls die Emittentin infolge einer Änderung oder Ergänzung der Steuer- oder Abgabengesetze und -vorschriften der Bundesrepublik Deutschland oder deren politischen Untergliederungen oder deren politischen Untergliederungen oder Steuerbehörden oder infolge einer Änderung oder Ergänzung der Anwendung oder der amtlichen Auslegung dieser Gesetze und Vorschriften (vorausgesetzt, diese Änderung oder Ergänzung wird am oder nach dem Tag, an dem die Schuldverschreibungen begeben werden, wirksam) am nächstfolgenden Zinszahlungstag zur Zahlung von Zusätzlichen Beträgen (wie in § 7(1) definiert) verpflichtet sein wird und diese Verpflichtung nicht durch das Ergreifen der Emittentin zur Verfügung stehender zumutbarer Maßnahmen vermieden werden kann. Die Kündigung darf nicht (i) früher als 90 Tage vor dem frühestmöglichen Termin erfolgen, an dem die Emittentin verpflichtet wäre, solche Zusätzlichen Beträge zu zahlen, falls eine Zahlung auf die Schuldverschreibungen dann fällig sein würde, oder (ii) erfolgen, wenn zu dem Zeitpunkt, zu dem die Kündigung erfolgt, die Verpflichtung zur Zahlung von zusätzlichen Beträgen nicht mehr besteht. Die Kündigung ist unwiderruflich, muss den für die Rückzahlung festgelegten Termin nennen und eine Erklärung in zusammengefasster Form enthalten, welche die das Rückzahlungsrecht der Emittentin begründenden Umstände darlegt.
- (2) Vorzeitige Rückzahlung nach Wahl der Anleihegläubiger infolge eines Kontrollwechselereignisses.
- (a) Tritt ein Kontrollwechselereignis ein, (i) verpflichtet sich die Emittentin, unverzüglich (x) den Wahl-Rückzahlungstag (wie nachstehend

§ 5

(Early Redemption, Repurchase)

- (1) If as a result of any change in, or amendment to, the laws or regulations of the Federal Republic of Germany or any political subdivision or taxing authority thereof or therein affecting taxation or the obligation to pay duties of any kind, or any change in, or amendment to, an official interpretation or application of such laws or regulations, which amendment or change is effective on or after the date on which the Notes were issued, the Issuer is required to pay Additional Amounts (as defined in § 7(1)) on the next succeeding Interest Payment Date, and this obligation cannot be avoided by the use of reasonable measures available to the Issuer, the Notes may be redeemed, in whole but not in part, at the option of the Issuer, upon not more than 60 days' nor less than 30 days' prior notice of redemption given to the Noteholders in accordance with § 13, at their Principal Amount together with interest accrued to, but excluding, the date of early redemption. No such notice of redemption may be given (i) earlier than 90 days prior to the earliest date on which the Issuer would be obligated to pay such Additional Amounts were a payment in respect of the Notes then due, or (ii) if at the time such notice is given, such obligation to pay such Additional Amounts does not remain in effect. Any such notice shall be irrevocable, must specify the date fixed for redemption and must set forth a statement in summary form of the facts constituting the basis for the right of the Issuer to redeem the Notes.
- (2) Early Redemption at the Option of the Noteholders following a Change of Control Event.
- (a) If a Change of Control Event occurs (i) the Issuer undertakes to (x) determine the Optional Redemption Date (as defined

definiert) zu bestimmen und (y) das Kontrollwechselereignis und den Wahl-Rückzahlungstag den Anleihegläubigern durch Mitteilung gemäß § 13 (die "**Kontrollwechselereignis-Mitteilung**") und der Hauptzahlstelle bekannt zu machen und (ii) hat jeder Anleihegläubiger das Recht (sofern nicht die Emittentin, bevor die nachstehend beschriebene Ausübungserklärung gemacht wird, die Rückzahlung der Schuldverschreibungen nach § 5(1) oder § 5(3) angezeigt hat), mit einer Frist von mindestens 10 Tagen mit Wirkung zum Wahl-Rückzahlungstag alle oder einzelne seiner Schuldverschreibungen am Wahl-Rückzahlungstag zum Nennbetrag, zuzüglich aufgelaufener Zinsen bis zum Wahl-Rückzahlungstag (ausschließlich) fällig zu stellen.

Der Begriff "**beherrschen**" hat die in § 17 AktG festgelegte Bedeutung.

Ein "**Kontrollwechsel**" tritt ein, wenn eine Person oder mehrere Personen (die "**relevante(n) Person(en)**"), die im Sinne des WpÜG abgestimmt handeln, mindestens 50,01 % der Stimmrechte der Emittentin oder der HORNBACH HOLDING AG erwirbt oder auf andere Weise Kontrolle über die Emittentin bzw. die HORNBACH HOLDING AG erlangt.

Ein "**Kontrollwechselereignis**" tritt ein, wenn ein Kontrollwechsel (wie vorstehend definiert) eintritt und am Ende des Kontrollwechselzeitraums keine Ratingagentur ein Rating von Ba2/BB+ oder besser für die Emittentin oder für die ausstehenden langfristigen Verbindlichkeiten der Emittentin vergeben oder bestehen lassen hat.

Der "**Kontrollwechselzeitraum**"

- (i) beginnt (x) mit der öffentlichen Bekanntmachung oder Erklärung der Emittentin oder einer relevanten Person des möglichen Kontrollwechsels, spätestens jedoch (y) an dem Tag der

below) and (y) give notice to the Noteholders in accordance with § 13 and to the Principal Paying Agent of the Change of Control Event and the Optional Redemption Date (the "**Change of Control Event Notice**"), in each case without undue delay (*unverzüglich*), and (ii) each Noteholder will have the option (unless, prior to the giving of the Put Notice referred to below, the Issuer gives notice to redeem the Notes in accordance with § 5(1) or § 5(3)) to declare, on giving not less than 10 days' notice, all or some only of his Notes due at their Principal Amount together with interest accrued to, but excluding, the Optional Redemption Date, which notice shall take effect on the Optional Redemption Date.

To "**control**" (*beherrschen*) has the meaning given to it in § 17 of the German Stock Corporation Act (*AktG*).

A "**Change of Control**" will occur if a person or several persons ("**Relevant Person(s)**") acting in concert as defined in the German Securities Purchase and Takeover Act (*WpÜG*) acquires at least 50.01 per cent. of the voting rights of the Issuer or HORNBACH HOLDING AG or otherwise gains control over the Issuer or HORNBACH HOLDING AG.

A "**Change of Control Event**" occurs if a Change of Control (as defined above) occurs and at the end of the Change of Control Period no Rating Agency has assigned or continued to assign a rating of Ba2/BB+ or better to the Issuer or the outstanding long-dated liabilities of the Issuer.

The "**Change of Control Period**"

- (i) commences on the earlier of (x) any public announcement or statement of the Issuer or any Relevant Person relating to any potential Change of Control or (y) the date of the first public announcement of

ersten öffentlichen
Bekanntmachung des Eintritts
des Kontrollwechsels und

- (ii) endet (x) mit Ablauf von 90 Tagen nach dem Eintritt des Kontrollwechsels oder (y), falls eine Ratingagentur während dieses Zeitraums öffentlich ankündigt, dass sie die von ihr vergebenen Ratings einer Überprüfung für Zwecke eines Ratings Review unterzieht, frühestens (a) mit Ablauf des Zeitraums, während dessen die Ratings überprüft werden, (b) spätestens jedoch mit Ablauf von 60 Tagen nach der öffentlichen Ankündigung der Überprüfung.

"Ratingagentur" bezeichnet Standard and Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. ("**S&P**"), Moody's Investors Services Limited ("**Moody's**"), Fitch Ratings, eine Division der Fitch, Inc. ("**Fitch**") oder eine ihrer jeweiligen Nachfolgegesellschaften, soweit sie ein Rating für die ausstehenden langfristigen Verbindlichkeiten der Emittentin vergeben haben.

"Wahl-Rückzahlungstag" bezeichnet den von der Emittentin in der Rückzahlungsereignis-Mitteilung festgelegten Tag, der (i) ein Geschäftstag (wie in § 6 definiert) sein muss und (ii) nicht weniger als 45 und nicht mehr als 60 Tage nach Bekanntmachung der Kontrollwechselereignis-Mitteilung liegen darf.

- (b) Die wirksame Ausübung des Rechts auf Rückzahlung für eine Schuldverschreibung nach Maßgabe dieses § 5(2) setzt voraus, dass der Anleihegläubiger unter Beachtung der Kündigungsfrist gemäß § 5(2)(a)
- (i) bei der angegebenen Geschäftsstelle der Hauptzahlstelle eine ordnungsgemäß ausgefüllte und unterzeichnete Ausübungserklärung einreicht, die in ihrer jeweils maßgeblichen Form bei der

the Change of Control and

- (ii) ends on the later of (x) the lapse of 90 days after the Change of Control or (y), if within such period any Rating Agency has publicly announced that it has put the Ratings assigned by it under consideration for ratings review, on the earlier of (a) the end of such period for which the Ratings are under consideration and (b) the lapse of 60 days after the public announcement of such consideration.

"Rating Agency" means Standard and Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. ("**S&P**"), Moody's Investors Services Limited ("**Moody's**"), Fitch ratings, a division of Fitch, Inc., ("**Fitch**") or any of their respective successors to the extent such rating agency has provided a rating for the outstanding long-dated liabilities of the Issuer.

"Optional Redemption Date" means the date fixed by the Issuer in the Put Event Notice, which (i) must be a Business Day (as defined in § 6) and (ii) must fall not less than 45 and not more than 60 days after publication of the Change of Control Event Notice.

- (b) The valid exercise of the option to require the redemption of a Note under this § 5(2) is conditional upon the Noteholder in observation of the notice period provided in § 5(2)(a)
- (i) submitting at the specified office of the Principal Paying Agent a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of the Principal Paying Agent (a

angegebenen Niederlassung der Hauptzahlstelle erhältlich ist (die "Ausübungserklärung"); und

- (ii) seine Schuldverschreibung(en), für die das Recht ausgeübt werden soll, an die Hauptzahlstelle liefert, und zwar durch Lieferung (Umbuchung) der Schuldverschreibungen auf das in der Ausübungserklärung angegebene Konto der Hauptzahlstelle beim Clearingsystem.

Eine einmal abgegebene Ausübungserklärung ist unwiderruflich. Die Ausübungserklärung hat unter anderem die folgenden Angaben zu enthalten:

- Name und Anschrift des ausübenden Anleihegläubigers;
- die Zahl der Schuldverschreibungen, für die das Recht gemäß diesem § 5(2) ausgeübt werden soll; und
- die Bezeichnung eines auf Euro lautenden Bankkontos des Anleihegläubigers, auf das auf die Schuldverschreibungen zahlbare Beträge geleistet werden sollen.

- (c) Die Emittentin wird Zahlungen in Bezug auf solchermaßen gelieferte Schuldverschreibung(en) am Wahl-Rückzahlungstag auf das Euro-Bankkonto des Anleihegläubigers, welches dieser in der Ausübungserklärung ordnungsgemäß bezeichnet hat, überweisen.

- (3) Wenn 85 % oder mehr des Gesamtnennbetrags der ursprünglich gegebenen Schuldverschreibungen gemäß § 5(2) zurückgezahlt oder zurückgekauft und entwertet wurde, ist die Emittentin berechtigt, die verbleibenden Schuldverschreibungen (ganz, jedoch nicht teilweise) durch eine Bekanntmachung an die Anleihegläubiger

"Put Notice"); and

- (ii) delivering to the Principal Paying Agent the Note(s) for which the right shall be exercised, by transferring (book-entry transfer) the Notes to the account of the Principal Paying Agent with the Clearing System specified in the Put Notice.

A Put Notice, once given, shall be irrevocable. The Put Notice shall, among other things:

- state the name and address of the exercising Noteholder;
- specify the number of Notes with respect to which the right under this § 5(2) shall be exercised; and
- designate a Euro denominated bank account of the Noteholder to which any payments on the Notes are to be made.

- (c) The Issuer will make any payment in respect of any Note so delivered to the Euro-account of the Noteholder specified in the Put Notice on the Optional Redemption Date.

- (3) If 85 per cent. or more of the aggregate principal amount of the Notes initially issued have been redeemed pursuant to § 5(2) or repurchased and cancelled, the Issuer may, by giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with § 13, call, at its option, the remaining Notes (in whole but not in part) with effect from the

gemäß § 13 unter Einhaltung einer Frist von nicht weniger als 30 und nicht mehr als 60 Tagen mit Wirkung zu dem von der Emittentin in der Bekanntmachung festgelegten Rückzahlungstermin zu kündigen. Im Falle einer solchen Kündigung hat die Emittentin die Schuldverschreibungen am festgelegten Rückzahlungstermin zum Nennbetrag zuzüglich bis zum Rückzahlungstermin (ausschließlich) aufgelaufener Zinsen zurück zu zahlen.

- (4) Die Emittentin kann jederzeit im Markt oder auf andere Weise Schuldverschreibungen ankaufen und verkaufen.

§ 6 (Zahlungen)

- (1) Zahlungen auf Kapital und Zinsen in Bezug auf die Schuldverschreibungen erfolgen in Euro über die Hauptzahlstelle zur Weiterleitung an das Clearingsystem oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearingsystems.
- (2) Die Emittentin wird durch Leistung der Zahlung an das Clearingsystem oder dessen Order von ihrer Zahlungspflicht befreit.
- (3) Fällt der Fälligkeitstermin einer Zahlung auf einen Tag, der kein Geschäftstag ist, so hat der Anleihegläubiger keinen Anspruch auf Zahlung vor dem nächsten Geschäftstag. Der Anleihegläubiger ist nicht berechtigt, weitere Zinsen oder sonstige Zahlungen aufgrund dieser Verspätung zu verlangen. "**Geschäftstag**" bezeichnet einen Tag (außer einem Samstag oder Sonntag), an dem das Clearingsystem sowie alle für die Abwicklung von Zahlungen in Euro wesentlichen Bereiche des Trans-European Automated Real-time Gross settlement Express Transfer systems (TARGET 2) betriebsbereit sind.
- (4) Bezugnahmen in diesen Anleihebedingungen auf Kapital oder Zinsen auf Schuldverschreibungen schließen den Nennbetrag (wie in § 1(1) definiert) sowie sämtliche gemäß § 7 zahlbaren Zusätzlichen Beträge ein.

§ 7 (Steuern)

- (1) Sämtliche Zahlungen von Kapital und Zinsen sind ohne Einbehalt oder Abzug

redemption date specified by the Issuer in the notice. In the case such call notice is given, the Issuer shall redeem the remaining Notes on the specified redemption date at their Principal Amount together with interest accrued to but excluding the redemption date.

- (4) The Issuer is entitled to purchase and resell Notes at any time in the market or otherwise.

§ 6 (Payments)

- (1) Payment of principal and interest in respect of Notes shall be made in Euro to the Principal Paying Agent for on-payment to the Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System.
- (2) The Issuer shall be discharged by payment to, or to the order of, the Clearing System.
- (3) If the date for payment of any amount in respect of any Note is not a Business Day, then the Noteholder shall not be entitled to payment until the next such day that is a Business Day and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Business Day**" means any day which is a day (other than a Saturday or a Sunday) on which the Clearing System as well as all parts of the Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET 2) relevant for the settlement of payments made in Euro are operational.
- (4) Reference in these Conditions of Issue to principal or interest in respect of the Notes shall be deemed to include, as applicable, the Principal Amount (as defined in § 1(1)) and any Additional Amounts which may be payable under § 7.

§ 7 (Taxation)

- (1) All payments of principal and interest will be made without any withholding or

durch die Emittentin von oder wegen irgendwelcher gegenwärtigen oder zukünftigen Steuern, Abgaben oder behördlicher Gebühren gleich welcher Art ("**Steuern**"), die von oder in der Bundesrepublik Deutschland oder für deren Rechnung oder von oder für Rechnung einer dort zur Steuererhebung ermächtigten Gebietskörperschaft oder Behörde auferlegt, erhoben, eingezogen, einbehalten oder festgesetzt werden, zu zahlen, es sei denn, die Emittentin ist zu einem solchen Einbehalt oder Abzug gesetzlich verpflichtet. In diesem Fall wird die Emittentin diejenigen zusätzlichen Beträge (die "**Zusätzlichen Beträge**") zahlen, die erforderlich sind, damit die den Anleihegläubigern zufließenden Nettobeträge nach diesem Einbehalt oder Abzug jeweils den Beträgen entsprechen, die ohne einen solchen Einbehalt oder Abzug von den Anleihegläubigern empfangen worden wären. Die Emittentin ist jedoch nicht zur Zahlung zusätzlicher Beträge wegen solcher Steuern verpflichtet,

- (a) die von einer Depotbank oder Inkassobeauftragten des Anleihegläubigers handelnden Person oder sonst auf andere Weise zu entrichten sind als durch Abzug oder Einbehalt durch die Emittentin selbst auf die von ihr zu leistenden Zahlungen von Kapital oder Zinsen zu entrichten sind; oder
- (b) die wegen einer gegenwärtigen oder früheren persönlichen oder geschäftlichen Beziehung des Anleihegläubigers zur Bundesrepublik Deutschland zu zahlen sind, und nicht allein deshalb, weil er der Inhaber der betreffenden Schuldverschreibungen ist; oder
- (c) die aufgrund (i) einer Richtlinie oder Verordnung der Europäischen Union oder (ii) einer zwischenstaatlichen Vereinbarung, an der die Bundesrepublik Deutschland oder die Europäische Union beteiligt ist, oder (iii) einer gesetzlichen Vorschrift, die diese Richtlinie, Verordnung oder Vereinbarung umsetzt oder befolgt, abzuziehen oder einzubehalten sind; oder
- (d) deren Einbehalt oder Abzug ein

deduction by the Issuer of any present or future taxes, duties or governmental charges ("**Taxes**") of whatever kind which are imposed, levied, collected, withheld or assessed by or in or on behalf of the Federal Republic of Germany or by or on behalf of a regional or local authority empowered to impose taxes therein unless the Issuer is required by law to make such withholding or deduction. In that event, the Issuer will pay such additional amounts (the "**Additional Amounts**") as shall be necessary in order that the net amounts received by the Noteholders after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable in the absence of such withholding or deduction. The Issuer shall, however, not be obliged to pay any Additional Amounts on account of such Taxes:

- (a) which are to be withheld by any person acting as custodian bank or collecting agent of the Noteholder, or otherwise payable in any manner other than by deduction or withholding by the Issuer from payments made by itself; or
- (b) which are payable by reason of the Noteholder having, or having had, some personal or business connection with the Federal Republic of Germany and not merely by reason of the fact that payments in respect of being the holder of the relevant Notes; or
- (c) which are deducted or withheld pursuant to (i) any European Union Directive or Regulation, or (ii) any international treaty or understanding and to which the Federal Republic of Germany or the European Union is a party, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such Directive, Regulation, treaty or understanding; or
- (d) where a Noteholder or a third party

Anleihegläubiger oder ein in dessen Namen handelnder Dritter rechtmäßig vermeiden könnte (ihn aber nicht vermieden hat), indem er die gesetzlichen Vorschriften beachtet (insbesondere die einschlägigen Berichts- und Nachweispflichten bezüglich der Staatsangehörigkeit, des Wohnsitzes oder der Identität des Gläubigers) oder sicherstellt, dass jeder im Namen des Anleihegläubigers handelnde Dritte die gesetzlichen Vorschriften beachtet, oder indem er eine Nichtansässigkeitserklärung abgibt oder den Dritten veranlasst, eine solche Erklärung abzugeben oder einen anderen Steuerbefreiungsanspruch gegenüber den Steuerbehörden geltend macht; oder

- (e) die wegen einer Rechtsänderung zu zahlen sind, welche später als 30 Tage nach Fälligkeit der betreffenden Zahlung oder, falls dies später erfolgt, ordnungsgemäßer Bereitstellung aller fälligen Beträge und einer diesbezüglichen Bekanntmachung gemäß § 13 wirksam wird.

Die in der Bundesrepublik Deutschland geltende Kapitalertragsteuer (einschließlich der Abgeltungsteuer), einschließlich Kirchensteuer (soweit diese anfällt) und dem Solidaritätszuschlag darauf ebenso wie entsprechende Nachfolgeregelungen, sind Steuereinbehalte durch eine als Depotbank oder Inkassostelle des Gläubigers handelnde Person im Sinne von § 7(1)(a).

- (2) Im Falle einer Sitzverlegung der Emittentin in ein anderes Land oder Territorium oder Hoheitsgebiet gilt jede in diesen Anleihebedingungen enthaltene Bezugnahme auf die Bundesrepublik Deutschland fortan auf dieses andere Land, Territorium oder Hoheitsgebiet bezogen.

§ 8 (Vorlegungsfrist, Verjährung)

Die Vorlegungsfrist gemäß § 801 Absatz 1 Satz 1 BGB wird für die

on its behalf could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party acting on its behalf complies with any statutory requirements (in particular, the applicable information and reporting requirements concerning the nationality, residence or identity of the Noteholder) or by making or procuring that any such third party makes a declaration of non-residence or other claim for exemption to any tax authority; or

- (e) that are payable by reason of a change of law that becomes effective more than 30 days after the relevant payment becomes due or is duly provided for and notice thereof is published in accordance with § 13, whichever occurs later.

The tax on interest payments (*Kapitalertragsteuer*) currently in effect in the Federal Republic of Germany including church tax (*Kirchensteuer*) (if applicable) and the solidarity surcharge (*Solidaritätszuschlag*) imposed thereon as well as any corresponding replacement regulation constitute Taxes to be withheld by any person acting as custodian bank or collecting agent of the Noteholder within the meaning of § 7(1)(a).

- (2) If the Issuer moves its corporate seat to another country or territory or jurisdiction, each reference in these Conditions of Issue to the Federal Republic of Germany shall be deemed to refer to such other country or territory or jurisdiction.

§ 8 (Presentation Period, Prescription)

The period for presentation provided in § 801(1)(1) of the German Civil Code

Schuldverschreibungen auf zehn Jahre reduziert. Die Verjährungsfrist für Ansprüche aus den Schuldverschreibungen, die innerhalb der Vorlegungsfrist zur Zahlung vorgelegt wurden, beträgt zwei Jahre von dem Ende der betreffenden Vorlegungsfrist an.

§ 9 (Kündigung)

- (1) Jeder Anleihegläubiger ist berechtigt, seine Schuldverschreibungen zu kündigen und deren sofortige Rückzahlung zum Nennbetrag zuzüglich bis zum Tag der vorzeitigen Rückzahlung (ausschließlich) aufgelaufener Zinsen zu verlangen, falls
- (a) Kapital oder Zinsen nicht innerhalb von sieben Geschäftstagen ab dem betreffenden Fälligkeitstermin gezahlt sind; oder
 - (b) die Emittentin oder eine Garantin eine sonstige Verpflichtung aus den Schuldverschreibungen oder aus der betreffenden Garantie nicht oder schlecht erfüllt, es sei denn, diese Unterlassung kann geheilt werden und wird binnen zehn Geschäftstagen nachdem die Hauptzahlstelle hierüber eine Benachrichtigung von einem Anleihegläubiger erhalten hat geheilt; oder
 - (c) Drittverzug
 - (i) eine andere Finanzverbindlichkeit der Emittentin oder einer Gesellschaft der Gruppe (ausgenommen Finanzverbindlichkeiten gegenüber anderen Gesellschaften der Gruppe) bei Fälligkeit nicht bzw. nicht innerhalb einer etwaigen Nachfrist bezahlt wird; oder
 - (ii) eine andere Finanzverbindlichkeit der Emittentin oder einer Gesellschaft der Gruppe (ausgenommen Finanzverbindlichkeiten gegenüber anderen Gesellschaften der Gruppe) vor dem vorgesehenen Fälligkeitstermin aufgrund des Vorliegens einer Nichterfüllung oder eines Verzuges (unabhängig

(*Bürgerliches Gesetzbuch*) will be reduced to 10 years for the Notes. The period of limitation for claims under the Notes presented during the period for presentation will be two years calculated from the expiration of the relevant presentation period.

§ 9 (Events of Default)

- (1) Each Noteholder shall be entitled to declare his Notes due and demand immediate redemption thereof at their principal amount together with interest accrued to but excluding the date of redemption in the event that
- (a) principal or interest is not paid within seven Business Days from the relevant due date; or
 - (b) the Issuer or any of the Guarantors fails duly to perform any other obligation under the Notes or the relevant Guarantee, as the case may be, unless the failure to comply is capable of remedy is remedied within ten Business Days of the Principal Paying Agent having received notice thereof from a Noteholder; or
 - (c) Cross Default
 - (i) any other Financial Indebtedness of the Issuer or any other member of the Group (except financial indebtedness owed to other members of the Group) is not paid when due or within any originally applicable grace period; or
 - (ii) any other Financial Indebtedness of the Issuer or any member of the Group (other than any Financial Indebtedness owed to another member of the Group) is declared to be, or otherwise becomes, due and payable prior to its specified maturity as a result of an event of default (howsoever

- davon, wie eine solche bzw. ein solcher definiert ist) vorzeitig fällig gestellt wird oder anderweit vorzeitig fällig wird; oder
- (iii) ein Gläubiger der Emittentin oder einer Gesellschaft der Gruppe berechtigt ist, eine Finanzverbindlichkeit der Emittentin oder einer Gesellschaft der Gruppe (ausgenommen Finanzverbindlichkeiten gegenüber anderen Gesellschaften der Gruppe) aufgrund des Vorliegens einer Nichterfüllung oder eines Verzuges (unabhängig davon, wie eine solche bzw. ein solcher definiert ist) vorzeitig zu kündigen;
- vorausgesetzt, dass die in (i), (ii) und (iii) genannten Kündigungsgründe nicht vor Ausübung des Rechts geheilt wurden und der Gesamtbetrag der unter (i), (ii) und (iii) fallenden Finanzverbindlichkeiten mindestens dem Betrag von € 15.000.000 (oder dessen entsprechenden Gegenwert in einer oder mehreren anderen Währung(en)) entspricht oder diesen übersteigt;
- (d) die Emittentin oder eine Wesentliche Gesellschaft der Gruppe ihre Zahlungsunfähigkeit bekannt gibt oder ihre Zahlungen allgemein einstellt; oder
- (e) ein zuständiges Gericht ein Insolvenzverfahren gegen die Emittentin oder eine Wesentliche Gesellschaft der Gruppe eröffnet, oder die Emittentin oder eine Wesentliche Gesellschaft der Gruppe ein solches Verfahren einleitet oder beantragt oder eine allgemeine Schuldenregelung zugunsten aller ihrer Gläubiger anbietet oder trifft, oder ein Dritter ein Insolvenzverfahren gegen die Emittentin oder eine Wesentliche Gesellschaft der Gruppe beantragt und ein solches Verfahren nicht innerhalb einer Frist von 60 Tagen aufgehoben oder ausgesetzt worden ist; oder
- (f) die Emittentin oder die Garantin in
- defined); or
- (iii) any creditor of the Issuer or any member of the Group becomes entitled to declare any Financial Indebtedness of the Issuer or any member of the Group (other than any Financial Indebtedness owed to another member of the Group) due and payable prior to its specified maturity as a result of an event of default (howsoever defined);
- provided that the events mentioned in (i), (ii) and (iii) have not been cured before the right is exercised and the aggregate amount of Financial Indebtedness falling within paragraphs (i), (ii) and (iii) above equals or exceeds € 15,000,000 (or its equivalent in any other currency or currencies);
- (d) the Issuer or any Material Member of the Group announces its inability to meet its financial obligations or ceases its payments generally; or
- (e) a competent court opens insolvency proceedings against the Issuer or any Material Member of the Group or the Issuer or any Material Member of the Group applies for or institutes such proceedings or offers or makes an arrangement for the benefit of all of its creditors generally, or a third party applies for insolvency proceedings against the Issuer or any Material Member of the Group and such proceedings are not discharged or stayed within 60 days; or
- (f) the Issuer or any Guarantor goes

Liquidation tritt, es sei denn, dies geschieht im Zusammenhang mit einer Verschmelzung oder einer anderen Form des Zusammenschlusses mit einer anderen Gesellschaft und diese Gesellschaft übernimmt alle Verpflichtungen, die die Emittentin im Zusammenhang mit diesen Schuldverschreibungen bzw. die Garantin im Zusammenhang mit ihrer Garantie eingegangen ist und verfügt über Eigenkapital in mindestens derselben Höhe; oder

- (g) vorbehaltlich ihrer Bedingungen die Garantie nicht vollumfänglich wirksam ist.

"Finanzverbindlichkeit" bezeichnet jede bestehende oder zukünftige Verbindlichkeit aus aufgenommenen Geldern unabhängig davon, ob sie verbrieft ist oder nicht.

"Wesentliche Gesellschaft" bezeichnet jede Gesellschaft der Gruppe, deren EBITDA, Umsatz oder Summe des Anlage- und Umlaufvermögens gemessen am konsolidierten EBITDA, konsolidierten Umsatz bzw. der Summe des Anlage- und Umlaufvermögens der Gruppe mindestens 3% ausmacht.

- (2) Das Kündigungsrecht erlischt, falls der Kündigungsgrund vor Ausübung des Rechts geheilt wurde.
- (3) Eine Kündigung gemäß § 9(1) ist schriftlich in deutscher oder englischer Sprache gegenüber der Zahlstelle zu erklären und dieser persönlich oder per Einschreiben zu übermitteln. Der Kündigungserklärung ist ein Nachweis beizufügen, aus dem sich ergibt, dass der betreffende Anleihegläubiger zum Zeitpunkt der Abgabe der Benachrichtigung Inhaber der betreffenden Schuldverschreibung ist. Der Nachweis kann durch eine Bescheinigung der Depotbank gemäß § 15(4) oder auf andere geeignete Weise erbracht werden.

§ 10 (Zahlstelle)

- (1) Die Emittentin hat die Commerzbank Aktiengesellschaft (Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Deutschland) als Hauptzahlstelle (die **"Hauptzahlstelle"** und gemeinsam mit

into liquidation unless in connection with a merger or other form of combination with another company and such company assumes all obligations contracted by the Issuer in connection with the Notes or by such Guarantor in connection with its Guarantee and has equity in at least the same amount; or

- (g) subject to its terms and conditions, die Garantie is not in full force and effect.

"Financial Indebtedness" means any present or future indebtedness for monies borrowed whether or not certificated.

"Material Member" means any company being part of the Group whose EBITDA, revenues or total fixed and current assets represent, 3% or more of any of the consolidated EBITDA, revenues or total fixed and current assets, respectively, of the Group.

- (2) The right to declare Notes due shall terminate if the situation giving rise to it has been cured before the right is exercised.
- (3) Any notice of default in accordance with § 9(1) above shall be made by means of a written declaration in the German or English language delivered by hand or registered mail to the Paying Agent together with evidence that such Noteholder at the time of such notice is a holder of the relevant Notes by means of a certificate of his depository bank in accordance with § 15(4) or in any other appropriate manner.

§ 10 (Paying Agent)

- (1) The Issuer has appointed Commerzbank Aktiengesellschaft (Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany) as principal paying agent (the **"Principal Paying Agent"** and, together

etwaigen von der Emittentin nach § 10(2) bestellten zusätzlichen Zahlstellen, die "**Zahlstellen**") bestellt.

- (2) Die Emittentin behält sich das Recht vor, jederzeit die Benennung einer Zahlstelle zu verändern oder zu beenden und Nachfolger bzw. zusätzliche Zahlstellen zu ernennen. Den Anleihegläubigern werden Änderungen in Bezug auf die Zahlstellen oder deren angegebenen Geschäftsstellen umgehend gemäß § 13 bekannt gemacht.
- (3) Die Zahlstellen handeln ausschließlich als Erfüllungsgehilfen der Emittentin und übernehmen keine Verpflichtungen gegenüber den Anleihegläubigern; es wird kein Vertrags-, Auftrags- oder Treuhandverhältnis zwischen ihnen und den Anleihegläubigern begründet. Die Zahlstellen sind von den Beschränkungen des § 181 BGB und etwaigen Beschränkungen anderer Ländern befreit.

§ 11 (Ersetzung)

- (1) Die Emittentin ist jederzeit berechtigt, sofern sie sich nicht mit einer Zahlung von Kapital oder Zinsen auf die Schuldverschreibungen in Verzug befindet, ohne Zustimmung der Anleihegläubiger eine Tochtergesellschaft an ihrer Stelle als Hauptschuldnerin (die "**Nachfolgeschuldnerin**") für alle Verpflichtungen aus und im Zusammenhang mit diesen Schuldverschreibungen einzusetzen, vorausgesetzt, dass:
- (a) die Nachfolgeschuldnerin alle Verpflichtungen der Emittentin in Bezug auf die Schuldverschreibungen übernimmt;
- (b) die Emittentin und die Nachfolgeschuldnerin alle erforderlichen Genehmigungen erhalten haben und berechtigt sind, an die Zahlstelle die zur Erfüllung der Zahlungsverpflichtungen aus den Schuldverschreibungen zahlbaren Beträge in Euro zu zahlen, ohne verpflichtet zu sein, jeweils in dem Land, in dem die Nachfolgeschuldnerin oder die Emittentin ihren Sitz oder Steuersitz haben, erhobene Steuern oder andere Abgaben jeder Art abzuziehen oder einzubehalten;
- (c) die Nachfolgeschuldnerin sich verpflichtet hat, jeden

with any additional paying agent appointed by the Issuer in accordance with § 10(2), the "**Paying Agents**").

- (2) The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint successor or additional Paying Agents. Notice of any change in the Paying Agents or in the specified office of any Paying Agent will promptly be given to the Noteholders pursuant to § 13.
- (3) The Paying Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of contract, agency or trust for or with any of the Noteholders. The Paying Agents are exempt from the restrictions of § 181 of the German Civil Code (*Bürgerliches Gesetzbuch*) and possible restrictions in other countries.

§ 11 (Substitution)

- (1) The Issuer may, without the consent of the Noteholders, if no payment of principal or interest on any of the Notes is in default, at any time substitute for the Issuer any subsidiary as principal debtor in respect of all obligations arising from or in connection with the Notes (the "**Substitute Debtor**") provided that:
- (a) the Substitute Debtor assumes all obligations of the Issuer in respect of the Notes;
- (b) the Issuer and the Substitute Debtor have obtained all necessary authorisations and may transfer to the Paying Agent in Euro and without being obligated to deduct or withhold any taxes or other duties of whatever nature levied by the country in which the Substitute Debtor or the Issuer has its domicile or tax residence, all amounts required for the fulfilment of the payment obligations arising under the Notes;
- (c) the Substitute Debtor has agreed to indemnify and hold harmless each

- Anleihegläubiger hinsichtlich solcher Steuern oder Abgaben freizustellen, die einem Anleihegläubiger als Folge der Ersetzung auferlegt werden;
- (d) die Emittentin unwiderruflich und unbedingt gegenüber den Anleihegläubigern die Zahlung aller von der Nachfolgeschuldnerin auf die Schuldverschreibungen zahlbaren Beträge zusätzlich garantiert und in dieser Garantie eine § 2(2) entsprechende Negativverpflichtung enthalten ist; und
- (e) der Zahlstelle jeweils ein Rechtsgutachten bezüglich der betroffenen Rechtsordnungen von anerkannten Rechtsanwälten vorgelegt werden, die bestätigen, dass die Bestimmungen in den vorstehenden § 11(1)(a), (b), (c) und (d) erfüllt wurden.
- (2) Jede Ersetzung ist gemäß § 13 bekanntzumachen.
- (3) Im Fall einer Ersetzung gilt jede Bezugnahme in diesen Anleihebedingungen auf die Emittentin ab dem Zeitpunkt der Ersetzung als Bezugnahme auf die Nachfolgeschuldnerin und jede Bezugnahme auf das Land, in dem die Emittentin ihren Sitz oder Steuersitz hat, gilt ab diesem Zeitpunkt als Bezugnahme auf das Land, in dem die Nachfolgeschuldnerin ihren Sitz oder Steuersitz hat. Des Weiteren gilt im Fall einer Ersetzung folgendes:
- (a) in § 5(1) und § 7 gilt eine alternative Bezugnahme auf die Bundesrepublik Deutschland als aufgenommen (zusätzlich zu der Bezugnahme nach Maßgabe des vorstehenden Satzes auf das Land, in dem die Nachfolgeschuldnerin ihren Sitz oder Steuersitz hat); und
- (b) in § 9(1)(c) bis (f) und § 5(2) gilt eine alternative Bezugnahme auf die Emittentin in ihrer Eigenschaft als Garantin als aufgenommen (zusätzlich zu der Bezugnahme auf die Nachfolgeschuldnerin).
- Noteholder against any tax or duty imposed on such Noteholder in respect of such substitution;
- (d) the Issuer irrevocably and unconditionally additionally guarantees in favour of each Noteholder the payment of all sums payable by the Substitute Debtor in respect of the Notes and such guarantee contains a negative pledge undertaking corresponding to § 2(2); and
- (e) there shall have been delivered to the Paying Agent one opinion for each jurisdiction affected of lawyers of recognised standing to the effect that § 11(1)(a), (b), (c) and (d) above have been satisfied.
- (2) Notice of any such substitution shall be published in accordance with § 13.
- (3) In the event of any such substitution, any reference in these Conditions of Issue to the Issuer shall from then on be deemed to refer to the Substitute Debtor and any reference to the country in which the Issuer is domiciled or resident for taxation purposes shall from then on be deemed to refer to the country of domicile or residence for taxation purposes of the Substitute Debtor. Furthermore, in the event of such substitution the following shall apply:
- (a) in § 5(1) and § 7 an alternative reference to the Federal Republic of Germany shall be deemed to have been included in addition to the reference according to the preceding sentence to the country of domicile or residence for taxation purposes of the Substitute Debtor; and
- (b) in § 9(1)(c) to (f) and § 5(2) an alternative reference to the Issuer in its capacity as guarantor shall be deemed to have been included in addition to the reference to the Substitute Debtor.

**§ 12
(Weitere Emissionen)**

Die Emittentin kann ohne Zustimmung der Anleihegläubiger weitere Schuldverschreibungen begeben, die in jeder Hinsicht (oder in jeder Hinsicht mit Ausnahme des Tags der Begebung und der ersten Zinszahlung) die gleichen Bedingungen wie die Schuldverschreibungen dieser Anleihe haben und die zusammen mit den Schuldverschreibungen dieser Anleihe eine einzige Anleihe bilden.

**§ 13
(Bekanntmachungen)**

- (1) Alle Bekanntmachungen, die die Schuldverschreibungen betreffen, werden im elektronischen Bundesanzeiger und (solange die Schuldverschreibungen an der Luxemburger Wertpapierbörse notiert sind und die Regularien dieser Börse dies verlangen) auf der Internet-Seite der Luxemburger Börse unter www.bourse.lu veröffentlicht. Für das Datum und die Rechtswirksamkeit sämtlicher Bekanntmachungen ist die erste Veröffentlichung maßgeblich. Jede derartige Bekanntmachung gilt am fünften Tag nach dem Tag der Veröffentlichung als den Anleihegläubigern mitgeteilt.
- (2) Die Emittentin ist berechtigt, alle die Schuldverschreibungen betreffenden Mitteilungen an das Clearingsystem zur Weiterleitung an die Anleihegläubiger zu übermitteln, sofern die Regularien der Börse dies zulassen. Jede derartige Bekanntmachung gilt am siebten Tag nach dem Tag der Mitteilung an das Clearingsystem als den Anleihegläubigern mitgeteilt.

**§ 14
(Änderung der Anleihebedingungen durch
Beschluss der Anleihegläubiger;
Gemeinsamer Vertreter)**

- (1) Die Emittentin und die Garantin können die Anleihebedingungen und die Garantie mit Zustimmung aufgrund Mehrheitsbeschlusses nach Maßgabe der §§ 5 ff. des Gesetzes über Schuldverschreibungen aus Gesamtemissionen ("**SchVG**") in seiner jeweiligen gültigen Fassung ändern. Die Anleihegläubiger können insbesondere einer Änderung wesentlicher Inhalte der Anleihebedingungen und der Garantien, einschließlich der in § 5 Absatz 3 SchVG

**§ 12
(Further Issues)**

The Issuer may from time to time, without the consent of the Noteholders, create and issue further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the issue date and the first payment of interest) so as to form a single series with the Notes.

**§ 13
(Notices)**

- (1) All notices regarding the Notes will be published in the electronic German Federal Gazette (*elektronischer Bundesanzeiger*) and (so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require) on the website of the Luxembourg Stock Exchange on www.bourse.lu. Any notice will become effective for all purposes on the date of the first such publication. Any notice so given will be deemed to have been validly given to the Noteholders on the fifth day following the date of such publication.
- (2) The Issuer will be entitled to deliver all notices concerning the Notes to the Clearing System for communication by the Clearing System to the Noteholders to the extent that the rules of the stock exchange so permit. Any such notice shall be deemed to have been validly given to the Noteholders on the seventh day following the day on which it was given to the Clearing System.

**§ 14
(Amendments to the Conditions of Issue by
resolution of the Noteholders;
Joint Representative)**

- (1) The Issuer and the Guarantor may amend the Conditions of Issue and the Guarantee with the consent of the by a majority resolution of the Noteholders pursuant to §§ 5 et seqq. of the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen*) (the "**SchVG**"), as amended from time to time. In particular, the Noteholders may consent to amendments which materially change the substance of the Conditions of Issue and

- vorgesehenen Maßnahmen mit Ausnahme der Ersetzung der Emittentin, die in § 11 abschließend geregelt ist, mit den in dem nachstehenden § 14(2) genannten Mehrheiten zustimmen. Ein ordnungsgemäß gefasster Mehrheitsbeschluss ist für alle Anleihegläubiger verbindlich.
- (2) Vorbehaltlich des nachstehenden Satzes und der Erreichung der erforderlichen Beschlussfähigkeit, beschließen die Anleihegläubiger mit der einfachen Mehrheit der an der Abstimmung teilnehmenden Stimmrechte. Beschlüsse, durch welche der wesentliche Inhalt der Anleihebedingungen oder der Garantie, insbesondere in den Fällen des § 5 Absatz 3 Nummer 1 bis 8 SchVG, geändert wird, bedürfen zu ihrer Wirksamkeit einer Mehrheit von mindestens 75% der an der Abstimmung teilnehmenden Stimmrechte (eine "**qualifizierte Mehrheit**").
- (3) Beschlüsse der Anleihegläubiger werden nach Wahl der Emittentin im Wege der Abstimmung ohne Versammlung nach § 18 SchVG oder einer Gläubigerversammlung nach § 9 SchVG getroffen. Anleihegläubiger, deren Schuldverschreibungen zusammen 5% des jeweils ausstehenden Gesamtnennbetrags der Schuldverschreibungen erreichen, können schriftlich nach ihrer Wahl die Durchführung einer Abstimmung ohne Versammlung nach Maßgabe von § 9 i.V.m. § 18 SchVG oder die Durchführung einer Abstimmung im Wege einer Gläubigerversammlung nach § 9 SchVG verlangen. Die Aufforderung zur Stimmabgabe durch den Abstimmungsleiter bzw., im Fall einer Gläubigerversammlung, die Einberufung, regelt die weiteren Einzelheiten der Beschlussfassung und der Abstimmung. Mit der Aufforderung zur Stimmabgabe werden die Beschlussgegenstände sowie die Vorschläge zur Beschlussfassung den Anleihegläubigern bekannt gegeben.
- (4) Anleihegläubiger haben die Berechtigung zur Teilnahme an der Abstimmung zum Zeitpunkt der Stimmabgabe durch besonderen Nachweis der Depotbank gemäß § 15(4) und die Vorlage eines Sperrvermerks der Depotbank zugunsten einer Hinterlegungsstelle für den Abstimmungszeitraum nachzuweisen.
- the Guarantee, including such measures as provided for under § 5(3) of the SchVG, but excluding a substitution of the Issuer, which is exclusively subject to the provisions in § 11, by resolutions passed by such majority of the votes of the Noteholders as stated under § 14(2) below. A duly passed majority resolution shall be binding upon all Noteholders.
- (2) Except as provided by the following sentence and provided that the quorum requirements are being met, the Noteholders may pass resolutions by simple majority of the voting rights participating in the vote. Resolutions which materially change the substance of the Conditions of Issue or the Guarantee, in particular in the cases of § 5(3) numbers 1 through 8 of the SchVG, may only be passed by a majority of at least 75 per cent. of the voting rights participating in the vote (a "**Qualified Majority**").
- (3) Resolutions of the Noteholders will be passed, at the election of the Issuer by means of a voting in accordance with § 18 SchVG or in a Noteholders' meeting in accordance with § 9 SchVG. Noteholders holding together Notes in a principal amount of 5% of the aggregate principal of Notes then outstanding may request in writing that, as they elect, a voting of Noteholders without a meeting in accordance with § 9 in connection with § 18 SchVG or a Noteholders' meeting in accordance with § 18 SchVG be organised. The request for voting as submitted by the chairman (*Abstimmungsleiter*) or, as the case may be, the notice convening a Noteholders' meeting will provide the further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions shall be notified to Noteholders together with the request for voting.
- (4) Noteholders must demonstrate their eligibility to participate in the vote at the time of voting by means of a special confirmation of the depository bank in accordance with § 15(4) and by submission of a blocking instruction by the depository bank for the benefit of a depository (*Hinterlegungsstelle*) for the

- (5) Die Anleihegläubiger können durch Mehrheitsbeschluss die Bestellung und Abberufung eines gemeinsamen Vertreters, die Aufgaben und Befugnisse des gemeinsamen Vertreters, die Übertragung von Rechten der Anleihegläubiger auf den gemeinsamen Vertreter und eine Beschränkung der Haftung des gemeinsamen Vertreters bestimmen. Die Bestellung eines gemeinsamen Vertreters bedarf einer qualifizierten Mehrheit, wenn er ermächtigt wird, wesentlichen Änderungen der Anleihebedingungen oder der Garantie gemäß § 14(2) zuzustimmen.
- (6) Bekanntmachungen betreffend diesen § 14 erfolgen gemäß den §§ 5 ff. SchVG sowie nach § 13.

§ 15 (Schlussbestimmungen)

- (1) Die Form und Inhalt der Schuldverschreibungen bestimmen sich nach dem Recht der Bundesrepublik Deutschland.
- (2) Ausschließlicher Gerichtsstand für alle Rechtsstreitigkeiten aus den in diesen Anleihebedingungen geregelten Angelegenheiten ist, soweit gesetzlich zulässig, Frankfurt am Main, Bundesrepublik Deutschland.
- Für Entscheidungen gemäß §§ 9 Absatz 2, 13 Absatz 3 und 18 Absatz 2 SchVG ist gemäß § 9 Absatz 3 SchVG das Amtsgericht zuständig, in dessen Bezirk die Emittentin ihren Sitz hat. Für Entscheidungen über die Anfechtung von Beschlüssen der Anleihegläubiger ist gemäß § 20 Absatz 3 SchVG das Landgericht ausschließlich zuständig, in dessen Bezirk die Emittentin ihren Sitz hat.
- (3) Erfüllungsort ist Frankfurt am Main, Bundesrepublik Deutschland.
- (4) Jeder Anleihegläubiger kann in Rechtsstreitigkeiten gegen die Emittentin im eigenen Namen seine Rechte aus den ihm zustehenden Schuldverschreibungen geltend machen unter Vorlage der folgenden Dokumente: (a) einer Bescheinigung seiner Depotbank, die (i) den vollen Namen und die volle Anschrift des Anleihegläubigers bezeichnet, (ii) den gesamten Nennbetrag der Schuldverschreibungen angibt, die am

voting period.

- (5) The Noteholders may by majority resolution provide for the appointment or dismissal of a joint representative, the duties and responsibilities and the powers of such joint representative, the transfer of the rights of the Noteholders to the joint representative and a limitation of liability of the joint representative. Appointment of a joint representative may only be passed by a Qualified Majority if such joint representative is to be authorised to consent, in accordance with § 14(2) hereof, to a material change in the substance of the Conditions of Issue or the Guarantee.
- (6) Any notices concerning this § 14 shall be made in accordance with § 5 et seq. of the SchVG and § 13.

§ 15 (Final Provisions)

- (1) Form and content of the Notes are governed by the laws of the Federal Republic of Germany.
- (2) To the extent legally permissible, exclusive place of jurisdiction for all proceedings arising from matters provided for in these Conditions of Issue shall be Frankfurt am Main, Federal Republic of Germany.
- The court of the district where the Issuer has its registered office shall have jurisdiction for all judgments pursuant to §§ 9(2), 13(3) and 18(2) SchVG in accordance with § 9(3) SchVG. The regional court (*Landgericht*) in the district where the Issuer has its registered office shall have exclusive jurisdiction for all judgments over contested resolutions by Noteholders in accordance with § 20(3) SchVG.
- (3) Place of performance shall be Frankfurt am Main, Federal Republic of Germany.
- (4) Any Noteholder may in any proceedings against the Issuer protect and enforce in its own name its rights arising under its Notes by submitting the following documents: (a) a certificate issued by its depositary bank (i) stating the full name and address of the Noteholder, (ii) specifying the aggregate Principal Amount of Notes credited on the date of such certificate to such Noteholder's securities account maintained with such

Ausstellungstag dieser Bescheinigung dem bei dieser Depotbank bestehenden Depot dieses Anleihegläubigers gutgeschrieben sind, und (iii) bestätigt, dass die Depotbank dem Clearingsystem und der Zahlstelle eine schriftliche Mitteilung zugeleitet hat, die die Angaben gemäß (i) und (ii) enthält und Bestätigungsvermerke des Clearingsystems sowie des jeweiligen Clearingsystem-Kontoinhabers trägt, sowie (b) einer von einem Vertretungsberechtigten des Clearingsystems oder der Hauptzahlstelle beglaubigten Ablichtung der Globalurkunde.

**§ 16
(Sprache)**

Diese Anleihebedingungen sind in deutscher Sprache abgefasst und mit einer Übersetzung in die englische Sprache versehen. Der deutsche Wortlaut ist allein rechtsverbindlich. Die englische Übersetzung dient nur zur Information.

depository bank and (iii) confirming that the depository bank has given a written notice to the Clearing System as well as to the Paying Agent containing the information pursuant to (i) and (ii) and bearing acknowledgements of the Clearing System and the relevant Clearing System account holder as well as (b) a copy of the Global Note certified by a duly authorised officer of the Clearing System or the Principal Paying Agent as being a true copy.

**§ 16
(Language)**

These Conditions of Issue are written in the German language and provided with an English language translation. The German text shall be the only legally binding version. The English language translation is provided for convenience only.

GUARANTEE OF HORNBACH INTERNATIONAL GMBH

Die deutsche Version dieser Garantie ist bindend. Die englische Übersetzung dient nur Informationszwecken.

The German text of this Guarantee is binding. The English translation is for information purposes only.

GARANTIE

der

HORNBACH International GmbH
(Bornheim, Bundesrepublik Deutschland)
(die "**Garantin**")

zugunsten der Gläubiger der € [●][●]%
garantierten Schuldverschreibungen fällig 2020
der

HORNBACH-Baumarkt-Aktiengesellschaft
(Bornheim, Bundesrepublik Deutschland)
(die "**Emittentin**")

ISIN DE000A1R02E0
(die "**Schuldverschreibungen**").

(1) Definitionen

Die in dieser Garantie verwendeten und nicht anders definierten Begriffe haben die ihnen in den Bedingungen der Schuldverschreibungen (die "**Anleihebedingungen**") zugewiesene Bedeutung.

(2) Garantie

(a) Die Garantin übernimmt gegenüber der Commerzbank Aktiengesellschaft (die "**Hauptzahlstelle**") zugunsten jedes Inhabers von Schuldverschreibungen (jeweils ein "**Anleihegläubiger**") die unbedingte und unwiderrufliche Garantie (nach Maßgabe der Bestimmungen gemäß Ziffer 6 dieser Garantie) für die ordnungsgemäße und pünktliche Zahlung aller nach Maßgabe der Anleihebedingungen von der Emittentin auf die Schuldverschreibungen zu zahlenden Beträge. Diese Garantie begründet eine selbständige Verpflichtung der Garantin (keine Bürgschaft), deren Bestand unabhängig von der rechtlichen Beziehung zwischen der Emittentin und den Anleihegläubigern ist, und die insbesondere nicht von der Wirksamkeit oder der Durchsetzbarkeit der Ansprüche gegen die Emittentin aus den Schuldverschreibungen abhängt.

GUARANTEE

of

HORNBACH International GmbH
(Bornheim, Federal Republic of Germany)
(the "**Guarantor**")

for the benefit of the holders of the € [●][●] per
cent. Guaranteed Notes due 2020 issued by

HORNBACH-Baumarkt-Aktiengesellschaft
(Bornheim, Federal Republic of Germany)
(the "**Issuer**")

ISIN DE000A1R02E0
(the "**Notes**").

(1) Definitions

Terms used in this Guarantee and not otherwise defined herein shall have the meaning attributed to them in the terms and conditions of the Notes (the "**Conditions of Issue**").

(2) Guarantee

(a) The Guarantor unconditionally and irrevocably guarantees (subject to the provisions in Clause 6 of this Guarantee) towards Commerzbank Aktiengesellschaft (the "**Principal Paying Agent**") for the benefit of each holder (each a "**Noteholder**") of each Note, the unconditional and irrevocable guarantee for the due and punctual payment of any amounts payable by the Issuer in respect of the Notes pursuant to the Conditions of Issue. This Guarantee constitutes an independent obligation of the Guarantor, which is independent from the legal relationship between the Issuer and the Noteholders, and which is in particular independent from the validity or the enforceability of the claims against the Issuer under the Notes.

- (b) Diese Garantie begründet eine unmittelbare und nicht nachrangige Verpflichtung der Garantin, die mit allen anderen gegenwärtigen und zukünftigen nicht besicherten und nicht nachrangigen Verbindlichkeiten der Garantin zumindest im gleichen Rang steht, mit Ausnahme von Verbindlichkeiten, die nach geltenden Rechtsvorschriften vorrangig sind. Mit der Erfüllung einer Zahlungsverpflichtung der Garantin zugunsten eines Anleihegläubigers aus der Garantie erlischt zugleich das jeweilige garantierte Recht eines Anleihegläubigers aus den Anleihebedingungen.
- (c) Die Garantin verpflichtet sich, solange Schuldverschreibungen ausstehen, jedoch nur bis zu dem Zeitpunkt, an dem alle Beträge an Kapital und Zinsen an das Clearingsystem oder an dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearingsystems zur Verfügung gestellt worden sind,
- (i) kein Grundpfandrecht, Mobiliarpfandrecht, Pfandrecht oder sonstiges dingliches Sicherungsrecht (jedes ein "**Sicherungsrecht**") an ihren gesamten Vermögenswerten oder Teilen davon zur Besicherung einer anderen gegenwärtigen oder zukünftigen Kapitalmarktverbindlichkeit zu gewähren oder bestehen zu lassen; und
- (ii) zu veranlassen (soweit rechtlich möglich und zulässig), dass keine ihrer Tochtergesellschaften ein Sicherungsrecht an ihren jeweiligen gesamten Vermögenswerten oder jeweiligen Teilen davon zur Besicherung einer eigenen oder fremden gegenwärtigen oder zukünftigen Kapitalmarktverbindlichkeit mit Sicherungsrechten gewährt oder bestehen lässt,
- ohne zuvor oder gleichzeitig die Anleihegläubiger gleichrangig an einem solchen Sicherungsrecht gleichwertig zu beteiligen oder zu Gunsten der Anleihegläubiger ein Sicherungsrecht zu gleichwertigen Bedingungen zu bestellen, welches von einem
- (b) This Guarantee constitutes a direct and unsubordinated obligation of the Guarantor, ranking at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Guarantor, save for such obligations which may be preferred by applicable law. Upon discharge of any payment obligation of the Guarantor subsisting under the Guarantee in favour of any Noteholder, the relevant guaranteed right of such Noteholder under the Conditions of Issue will cease to exist.
- (c) The Guarantor undertakes, so long as any of the Notes are outstanding, but only up to the time that all amounts of principal and interest have been placed at the disposal of the Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System,
- (i) not to create or permit to subsist any mortgage, charge, pledge or other form of encumbrance *in rem* (each a "**Security Interest**") over the whole or any part of its assets to secure any present or future Capital Market Indebtedness; and
- (ii) to procure (to the extent legally possible and permissible) that none of its Subsidiaries will create or permit to subsist any Security Interest over the whole or any part of its assets to secure any present or future own or third-party Capital Market Indebtedness,
- without prior thereto or at the same time letting the Noteholders share *pari passu* and equally in such Security Interest or benefit from an equivalent Security Interest, which shall be approved by an independent expert as being

unabhängigen Sachverständigen als gleichwertige Sicherheit beurteilt wird.

Diese Verpflichtung findet keine Anwendung auf ein Sicherungsrecht, das durch eine Emissionstochtergesellschaft der Emittentin an deren gegenwärtigen oder zukünftigen Ansprüchen gegenüber der Emittentin aus der Weiterleitung des Erlöses aus dem Verkauf von Wandelschuldverschreibungen auf Aktien der Emittentin bestellt wird, sofern die bestellte Sicherheit der Sicherung der Verpflichtungen dieser Emissionstochtergesellschaft aus den Wandelschuldverschreibungen dient.

"Emissionstochtergesellschaft"

bezeichnet jede Objektgesellschaft für die Emission von Wandelschuldverschreibungen.

Eine nach diesem Absatz (c) zu leistende Sicherheit kann auch zu Gunsten eines Treuhänders der Anleihegläubiger bestellt werden.

"Kapitalmarktverbindlichkeit" ist jede Verbindlichkeit zur Zahlung oder Rückzahlung aufgenommener Gelder (einschließlich Verpflichtungen aus Garantien oder anderen Haftungsvereinbarungen für eine solche Verbindlichkeit eines Dritten) aus Schuldverschreibungen oder sonstigen Wertpapieren, die an einer Börse, einem Over-the-Counter-Markt oder an einem anderen anerkannten Wertpapiermarkt notiert oder gehandelt werden oder werden können, oder aus Schuldscheindarlehen nach deutschem Recht.

"Tochtergesellschaft" bezeichnet ein Tochterunternehmen der Garantin im Sinne von § 290 Handelsgesetzbuch (HGB).

- (d) Im Falle einer Ersetzung der Emittentin durch eine Nachfolgeschuldnerin gemäß § 11 der Anleihebedingungen erstreckt sich diese Garantie auf sämtliche von der Nachfolgeschuldnerin gemäß den Anleihebedingungen zu zahlenden Beträge. Dies gilt auch dann, wenn die Nachfolgeschuldnerin die Verpflichtungen aus den Schuldverschreibungen von der

equivalent security.

This undertaking shall not apply to a Security Interest which is provided by an Issuance Subsidiary of the Issuer over any claims of this Issuance Subsidiary against the Issuer, which claim exists now or arises at any time in the future, in each case as a result of the passing on of proceeds from the sale by the Issuer of any bonds convertible into shares of the Issuer, provided that any such security serves to secure obligations of this Issuance Subsidiary under such convertible bonds.

"Issuance Subsidiary" means any special purpose vehicle for the issuance of convertible bonds.

Any security which is to be provided pursuant to this subsection (c) may also be provided to a person acting as trustee for the Noteholders.

"Capital Market Indebtedness" means any obligation for the payment or repayment of borrowed monies (including obligations by reason of any guarantee or other liability agreement for any such obligation of a third party) under any notes or other securities which are or are capable of being quoted, listed, dealt in or traded on a stock exchange, an over-the-counter-market or other recognised securities market, or under Schuldschein loans governed by German law.

"Subsidiary" means any subsidiary (*Tochterunternehmen*) of the Guarantor within the meaning of § 290 of the German Commercial Code (*Handelsgesetzbuch*).

- (d) In the event of a substitution of the Issuer by a Substitute Debtor pursuant to § 11 of the Conditions of Issue, this Guarantee shall extend to any and all amounts payable by the Substitute Debtor pursuant to the Conditions of Issue. The foregoing shall also apply if the Substitute Debtor shall have assumed the obligations arising under the Notes from the Guarantor.

Garantin übernommen hat.

(3) Steuern

- (a) Sämtliche Zahlungen der Garantin aus der Garantie sind ohne Einbehalt oder Abzug durch die Garantin von oder wegen irgendwelchen gegenwärtigen oder zukünftigen Steuern, Abgaben, oder behördlichen Gebühren gleich welcher Art ("**Steuern**"), die von oder in der Bundesrepublik Deutschland oder für deren Rechnung oder von oder für Rechnung einer dort zur Steuererhebung ermächtigten Gebietskörperschaft oder Behörde auferlegt, erhoben, eingezogen, einbehalten oder festgesetzt werden, zu zahlen, es sei denn, die Garantin ist zu einem solchen Einbehalt oder Abzug gesetzlich verpflichtet. In diesem Fall wird die Garantin, vorbehaltlich der Ausnahmen gemäß § 7 der Anleihebedingungen, diejenigen zusätzlichen Beträge (die "**zusätzlichen Beträge**") zahlen, die erforderlich sind, um die Zahlung von Zinsen und Kapital zum jeweiligen vollen Nennbetrag an die Anleihegläubiger sicherzustellen.
- (b) Falls die Garantin ihren satzungsmäßigen Sitz oder ihren Verwaltungssitz in ein anderes Land als die Bundesrepublik Deutschland verlegt oder auf eine Gesellschaft verschmolzen wird, die ihren satzungsmäßigen Sitz oder ihren Verwaltungssitz in einem solchen anderen Land hat, gelten die Bestimmungen gemäß Ziffer 3(a) auch für Steuern, die durch oder für dieses andere Land oder eine dort zur Steuererhebung ermächtigte Stelle auferlegt, erhoben, eingezogen, einbehalten oder festgesetzt werden.
- (c) Soweit in dieser Garantie von Zinsen und Kapital die Rede ist, sind damit auch die gemäß dieser Ziffer 3 zu zahlenden zusätzlichen Beträge gemeint.
- (4) Diese Garantie stellt einen Vertrag zugunsten der jeweiligen Anleihegläubiger als begünstigte Dritte gemäß § 328 Absatz 1 BGB dar, so dass ausschließlich die jeweiligen Anleihegläubiger Erfüllung der Garantie unmittelbar von der Garantin verlangen und die Garantie unmittelbar gegen die Garantin durchsetzen können.

(3) Taxes

- (a) All payments by the Guarantor in respect of the Guarantee will be made without any withholding or deduction by the Guarantor of any present or future taxes, duties or governmental charges of whatever kind ("**Taxes**") which are imposed, levied, collected, withheld or assessed by or in or on behalf of the Federal Republic of Germany or by or on behalf of a regional or local authority empowered to impose taxes therein unless the Guarantor is required by law to make such withholding or deduction. In that event, the Guarantor will, except as otherwise provided for in § 7 of the Conditions of Issue, pay such additional amounts (the "**Additional Amounts**") as may be necessary to ensure the payment to the Noteholders of the full nominal amount of principal and interest.
- (b) In the event that the Guarantor moves its domicile or residence or is merged into a company with domicile or residence in a country other than the Federal Republic of Germany, the provisions of Clause 3(a) above shall apply also to Taxes imposed, levied, collected, withheld or assessed by or behalf of such other country or any taxing authority therein.
- (c) Any reference in this Guarantee to interest and principal shall be deemed also to refer to any Additional Amounts which may be payable under this Clause 3.
- (4) This Guarantee constitutes a contract in favour of the respective Noteholders as third party beneficiaries pursuant to § 328 (1) of the German Civil Code (*Bürgerliches Gesetzbuch*) so that only the respective Noteholders will be entitled to claim performance of this Guarantee directly from the Guarantor and to enforce the Guarantee directly against the Guarantor.

- (5) Die Hauptzahlstelle handelt nicht als Treuhänder oder in einer ähnlichen Eigenschaft für die Anleihegläubiger.
- (6) Durchsetzungsbeschränkungen
- Die Durchsetzung von Ansprüchen aus dieser Garantie unterliegt den in dieser Ziffer 6 geregelten Beschränkungen (die "**Durchsetzungsbeschränkungen**").
- (a) Ein Anleihegläubiger ist vorbehaltlich Absatz (c) und (d) nicht zur Durchsetzung der Garantie gegen die Garantin in der Rechtsform einer Gesellschaft mit beschränkter Haftung befugt, soweit die Garantin darlegt, dass aufgrund der Durchsetzung
- (i) ihr Nettovermögen (das "**Nettovermögen**") auf einen Betrag reduziert würde, der ihr Stammkapital unterschreitet oder
- (ii) (falls ihr Nettovermögen bereits ihr Stammkapital unterschreitet) der Betrag, um den das Nettovermögen das Stammkapital unterschreitet, vergrößert würde, und dadurch das Vermögen, das gemäß §§ 30, 31 GmbH-Gesetz zur Erhaltung ihres Stammkapitals erforderlich ist, beeinträchtigt würde (jeweils eine "**Kapital-Beeinträchtigung**").
- (b) Zur Feststellung, ob eine Kapital-Beeinträchtigung vorliegt,
- (i) ist das Nettovermögen anhand der in Deutschland zum jeweiligen Zeitpunkt anerkannten Grundsätze ordnungsmäßiger Buchführung zu ermitteln, wobei diese Grundsätze so anzuwenden sind, wie die Garantin sie bei der Erstellung ihrer Jahresabschlüsse (§ 42 GmbHG, §§ 242, 264 HGB) in den vorangegangenen Jahren angewandt hat; wobei Darlehen an die Garantin, welche der Garantin nach dem Zeitpunkt dieser Garantie von einem ihrer Gesellschafter gewährt werden, unberücksichtigt bleiben, soweit diese im Sinne des § 39 Abs. 1 Nr. 5 InsO nachrangig sind;
- (ii) ist jede Erhöhung des eingetragenen Stammkapitals der
- (5) The Principal Paying Agent does not act in a fiduciary or in any other similar capacity for the Noteholders.
- (6) Limitations on Enforcement
- The enforcement of claims under this Guarantee is subject to the limitations set out in this Clause 6 (the "**Limitations on Enforcement**").
- (a) Subject to paragraphs (c) and (d) below a Noteholder shall not be entitled to enforce the Guarantee against the Guarantor in the form of a limited liability company to the extent that the Guarantor demonstrates that such enforcement has the effect of
- (i) reducing the Guarantor's net assets (*Nettovermoegen*) (the "**Net Assets**") to an amount less than its share capital (*Stammkapital*), or
- (ii) (if its Net Assets are already lower than its share capital) causing such amount to be further reduced, and thereby affects its assets which are required for the obligatory preservation of its stated share capital according to §§ 30, 31 German GmbH-Act (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung*, the "**GmbH-Act**") (each, a "**Capital Impairment**").
- (b) For the purpose of determining whether a Capital Impairment has occurred,
- (i) the value of the Net Assets shall be determined in accordance with accounting principles generally accepted in the Federal Republic of Germany from time to time consistently applied by the Guarantor in preparing its unconsolidated balance sheets (*Jahresabschluss* according to § 42 GmbH-Act, §§ 242, 264 of the German Commercial Code (*Handelsgesetzbuch*)) in the previous years, save that loans provided to the Guarantor by any of its shareholders after the date of this Guarantee shall be disregarded if such loans are subordinated pursuant to § 39 paragraph 1 No. 5 of the German Insolvency Act (*Insolvenzordnung*

Garantin, die nach dem Datum der Garantie erfolgt, von dem eingetragenen Stammkapital abzuziehen, sofern die Garantin aufgrund irgendeiner anderen vertraglichen Vereinbarung verpflichtet ist, das eingetragene Stammkapital bei der Berechnung des durchsetzbaren Betrages abzuziehen. Die Garantin verpflichtet sich, die Anleihegläubiger unverzüglich durch Mitteilung gemäß § 13 der Anleihebedingungen nachdem eine solche Abzugsverpflichtung aufgrund irgendwelcher anderer vertraglichen Verpflichtungen entstanden ist zu informieren;

- (iii) werden bei den Nettovermögenswerten die Kosten der Wirtschaftsprüfungsgesellschaft für die Erstellung der Wirtschaftsprüfer-Feststellung (wie nachfolgend in Absatz (c) (ii) definiert) entweder als Reduzierung des Vermögens oder als Anstieg von Verbindlichkeiten aufgeführt; und
 - (iv) ist die Garantin verpflichtet, beim Fehlen ausreichender Vermögenswerte zur Abdeckung des Stammkapitals sämtliche Vermögensgegenstände, die mit einem Buchwert bilanziert sind, der wesentlich niedriger ist als deren Marktwert, unverzüglich zu veräußern, soweit diese Vermögensgegenstände nicht nachweislich betriebsnotwendig sind.
- (c) Die Durchsetzungsbeschränkungen sind nur anwendbar:
- (i) wenn und soweit der/die Geschäftsführer der Garantin dem betreffenden Anleihegläubiger innerhalb von 10 Geschäftstagen, nachdem dieser ein Zahlungsverlangen aufgrund der Garantie gestellt hat, im Namen der Garantin schriftlich mitteilt und bestätigt ("**Bestätigung der Geschäftsführung**"), (i) in

(*InsO*));

- (ii) the amount of any increase of the stated share capital (*Stammkapital*) of the Guarantor effected after the date of this Guarantee shall be deducted from the stated share capital (*Stammkapital*), if the Guarantor is obliged under any other contractual obligation to deduct such amount of increased stated share capital (*Stammkapital*) in calculating the enforceable amount. The Guarantor undertakes to give notice to the Noteholders in accordance with § 13 of the Conditions of Issue without undue delay (*unverzüglich*) after becoming obliged to make any such deduction under any other contractual obligation;
 - (iii) the net assets shall take into account the costs of the Auditor's Determination (as defined in paragraph (c) (ii) below), either as a reduction of assets or an increase of liabilities; and
 - (iv) the Guarantor undertakes to sell, in a situation where it does not have sufficient net assets (*Reinvermögen*) to maintain its share capital (*Stammkapital*), all of its assets that are shown in the balance sheet with a book value (*Buchwert*) which is significantly lower than the market value of the assets if the relevant asset is not necessary for the Guarantor's business (*betriebsnotwendig*).
- (c) The Limitations on Enforcement shall only apply:
- (i) if and to the extent that the Guarantor's managing director(s) (*Geschäftsführer*) on behalf of the Guarantor have notified and confirmed to the relevant Noteholder in writing within 10 Business Days from the Noteholder's demand under the Guarantee ("**Management Determination**") (i) to which

welchem Umfang die Garantie eine Leistung an den Gesellschafter der Garantin im Sinne des §§ 30, 31 GmbHG darstellt; (ii) hinreichend ausführlich darlegt, inwieweit eine Kapital-Beeinträchtigung eintreten würde, wobei die Berechnung dieser Kapitalbeeinträchtigung nach den Grundsätzen der Ziffer 6(b) (i) – (iv) zu erfolgen hat;

diese Bestätigung der Geschäftsführung mit ausreichenden Nachweisen über die Gegenstände dieser Bestätigung versehen ist und der betreffende Anleihegläubiger die Angaben in der Bestätigung der Geschäftsführung nicht bestritten hat; oder

- (ii) für den Fall, dass der betreffende Anleihegläubiger der Bestätigung der Geschäftsführung widersprochen hat, wenn die Garantin innerhalb von 25 Geschäftstagen nach Erhalt des Widerspruchs auf eigene Kosten eine unabhängige international anerkannte Wirtschaftsprüfungsgesellschaft mit der Feststellung beauftragt, ob (und falls ja, in welchem Umfang) Zahlung auf die Garantie eine Kapital-Beeinträchtigung verursachen würde (die **"Wirtschaftsprüfer-Feststellung"**), die die oben in Absatz (b) aufgeführten Kriterien zur Anpassung der Bilanz berücksichtigt.

Die Wirtschaftsprüfer-Feststellung soll für alle Parteien verbindlich sein, es sei denn, sie weist offensichtliche Unrichtigkeiten auf. Stimmt der betreffende Anleihegläubiger der Wirtschaftsprüfer-Feststellung nicht zu, darf der betreffende Anleihegläubiger die Garantie bis zu dem Betrag verwerten, der zwischen der Garantin und dem betreffenden Anleihegläubiger unstreitig ist. Hinsichtlich desjenigen Betrages, der zwischen der Garantin und dem betreffenden Anleihegläubiger aufgrund offensichtlicher Unrichtigkeit der Feststellung der Wirtschaftsprüfungsgesellschaft streitig ist, bleiben weitergehende Rechte des betreffenden Anleihegläubigers

extent the Guarantee will constitute a payment of the shareholder of the Guarantor pursuant to §§ 30, 31 GmbH-Act; (ii) sets out in reasonable detail that and to what extent a Capital Impairment would occur, whereas the determination of such Capital Impairment must take into account the principles set out in Section 6(b) (i) – (iv) above);

such Management Determination is provided with sufficient evidence regarding the object of such determination and the respective Noteholder has not disagreed with such Management Determination; or

- (ii) in case that the relevant Noteholder disagrees with the Management Determination, if the Guarantor, not later than 25 Business Days after the date on which the Guarantor has received notice of such disagreement, instructs at its own cost and expense, an independent accounting firm of international standing to issue a determination whether (and, if so, to what extent) payment under the Guarantee would cause a Capital Impairment (the **„Auditor's Determination“**) (such determination to take into account the balance sheet adjustments set out in paragraph (b) above).

The Auditor's Determination shall be binding upon all parties; except if it shows manifest error. If the relevant Noteholder disagrees with the Auditor's Determination, the relevant Noteholder may enforce the Guarantee up to such amount which is undisputed between the Guarantor and the relevant Noteholder. With respect to the amount which is disputed between the Guarantor and the relevant Noteholder due to manifest error of the Auditor's Determination, further rights of the relevant Noteholder remain reserved.

vorbehalten.

- (d) Die Durchsetzungsbeschränkungen gelten nicht für aus der Garantie bestehende Zahlungsverpflichtungen der Garantin:
- (i) in Bezug auf Beträge, die dem Teil des Emissionserlöses der Schuldverschreibungen entsprechen, (A) der gegebenenfalls von der Emittentin an die Garantin oder eine ihrer Tochtergesellschaften in Form eines Darlehens weitergereicht wurde, oder (B) der eine andere Zahlungsverpflichtung, die in Form eines Darlehens weitergereicht wurde, ersetzt, oder (C) der in den Fällen (A) und (B) in sonstiger Weise von der Emittentin an die Garantin oder eine ihrer Tochtergesellschaften weitergereicht wurde, wenn und soweit der Betrag im Zeitpunkt des Zahlungsverlangens aufgrund der Garantie noch nicht von der Garantin an die Emittentin zurückgeführt worden ist. Hat die Garantin eine Verbindlichkeit gegenüber der Emittentin aus einem nicht nachrangigen Darlehen, trägt die Garantin die Beweislast dafür, dass dieses Darlehen nicht aus weitergeleiteten Beträgen gewährt wurde oder, falls dies der Fall ist, zwischenzeitlich zurückgeführt wurde; und/oder
- (ii) wenn und so lange ein Beherrschungsvertrag und/oder Gewinn- und Verlustabführungsvertrag (entweder direkt oder über eine Kette von Beherrschungs- und/oder Gewinn- und Verlustabführungsverträgen) gemäß § 291 AktG zwischen der Garantin als beherrschtes bzw. zur Gewinnabführung verpflichtetes Unternehmen und der Emittentin, für deren Verbindlichkeiten die Garantie gewährt wird, besteht, es sei denn, die Garantin hat nachgewiesen, dass das Bestehen eines Gewinnabführungsvertrages und/oder eines
- (d) The Limitations on Enforcement shall not apply to any amounts payable by the Guarantor under the Guarantee:
- (i) in relation to amounts that correspond to such part of the issuance proceeds of the Notes (if any) that (A) have been on-lent by the Issuer to the Guarantor or any of its subsidiaries in the form of a loan, or (B) replace or refinance other indebtedness which has been on-lent in the form of a loan, or (C) in each case (A) and (B) have otherwise been passed on, by the Issuer to the Guarantor or any of its subsidiaries, if and to the extent that amount has not been repaid by the Guarantor to the Issuer at the time the claim for payment under the Guarantee is made. If the Guarantor has liabilities towards the Issuer from a senior (*nicht nachrangig*) loan the burden of demonstrating that such senior loan has not been granted from on-lent issuance proceeds, or, if applicable, has been repaid is on the Guarantor and/or
- (ii) if and as long as a domination agreement (*Beherrschungsvertrag*) and/or profit and loss transfer agreement (*Gewinn- und Verlustabführungsvertrag*) (either directly or through a chain of domination and/or profit and loss transfer agreements) in the meaning of section 291 of the German Stock Corporation Act (*Aktiengesetz*) exists between the Guarantor as dominated entity or entity being obliged to share its profit and the Issuer for whose liabilities the Guarantee is granted unless the Guarantor has proven that the existence of a domination agreement and/or profit and loss transfer agreement

Beherrschungsvertrages nicht ausreicht, um nicht unter den Anwendungsbereich des § 30 Abs. 1 S. 1 GmbHG zu fallen und dass eine solche Zahlung auf die Garantie zu einem Verstoß gegen § 30 Abs. 1 S. 1 GmbHG führen würde; und/oder

- (iii) eine gesetzliche Regelung oder obergerichtliche Entscheidung ergeht, nach der die Kapitalerhaltungsvorschriften auf eine Sicherheit oder eine Garantie, mit der Verbindlichkeiten von Mutter- oder Schwestergesellschaften besicherte werden, keine Anwendung finden; und/oder
- (iv) ein Rückgriffsanspruch, den die Garantin in Folge der Inanspruchnahme aus der Garantie gegen die Emittentin hat oder erwerben würde, im Zeitpunkt des Zahlungsverlangens aus der Garantie vollwertig ist. Soweit ein solcher vollwertiger Rückgriffsanspruch besteht oder erworben werden würde, bestehen keine Durchsetzungsbeschränkungen.

(7) Verschiedene Bestimmungen

- (a) Diese Garantie unterliegt deutschem Recht.
- (b) Erfüllungsort ist Frankfurt am Main.
- (c) Nicht ausschließlich zuständig für sämtliche im Zusammenhang mit der Garantie entstehenden Klagen oder sonstige Verfahren ist das Landgericht Frankfurt am Main.
- (d) Jeder Anleihegläubiger kann in jedem Rechtsstreit gegen die Garantin und in jedem Rechtsstreit, in dem er und die Garantin Partei sind, seine Rechte aus dieser Garantie auf der Grundlage einer von einer vertretungsberechtigten Person der Hauptzahlstelle beglaubigten Kopie dieser Garantie ohne Vorlage des Originals im eigenen Namen wahrnehmen und durchsetzen.
- (e) Die Hauptzahlstelle verpflichtet sich, das Original dieser Garantie bis zur

(*Beherrschungs- und/oder Gewinnabführungsvertrag*) is not sufficient to disapply § 30 paragraph 1 sentence 1 GmbH-Act and that payment under the Guarantee would result in a breach of section 30 paragraph 1 sentence 1 GmbH-Act; and/or

- (iii) a statutory rule or a supreme court decision is issued pursuant to which the capital maintenance rules will no longer be applicable to a security or a guarantee securing obligations of a parent company or an affiliated company; and or
- (iv) any recourse claim (*Rückgriffsanspruch*) which the Guarantor has, or would acquire against the Issuer as a result of the enforcement of the Guarantee, is valuable (*vollwertig*) at the time the claim for payment under the Guarantee is made. To the extent that there is such valuable (*vollwertig*) recourse claim or would be acquired, no Limitations on Enforcement apply.

(7) Miscellaneous Provisions

- (a) This Guarantee shall be governed by, and construed in accordance with, German law.
- (b) Place of performance shall be Frankfurt am Main.
- (c) The District Court (*Landgericht*) in Frankfurt am Main shall have non-exclusive jurisdiction for any action or other legal proceedings arising out of or in connection with the Guarantee.
- (d) On the basis of a copy of this Guarantee certified as being a true copy by a duly authorised officer of the Principal Paying Agent, each Noteholder may protect and enforce in its own name its rights arising under this Guarantee in any legal proceedings against the Guarantor or to which such Noteholder and the Guarantor are parties, without the need for presentation of this Guarantee in such proceedings.
- (e) The Principal Paying Agent agrees to hold the original copy of this Guarantee

Erfüllung sämtlicher Verpflichtungen aus den Schuldverschreibungen und dieser Garantie zu verwahren.

- (8) Für Änderungen der Bedingungen der Garantie durch Beschluss der Anleihegläubiger mit Zustimmung der Garantin gilt § 14 der Anleihebedingungen entsprechend.
- (9) Die deutsche Version dieser Garantie ist bindend. Die englische Übersetzung dient nur Informationszwecken.

Bornheim, am 13. Februar 2013

Hornbach International GmbH

Durch:

Wir nehmen die Bedingungen der vorstehenden Garantie im Namen der Anleihegläubiger ohne Obligo, Gewährleistung oder Haftung an.

Frankfurt am Main, am 13. Februar 2013

Commerzbank Aktiengesellschaft

Durch:

in custody until all obligations under the Notes and this Guarantee have been fulfilled.

- (8) In relation to amendments of the terms of the Guarantee by resolution of the Noteholders with the consent of the Guarantor, § 14 of the Conditions of Issue applies mutatis mutandis.
- (9) The German text of this Guarantee is binding. The English translation is for information purposes only.

Bornheim, 13 February 2013

Hornbach International GmbH

By:

We accept the terms of the above Guarantee on behalf of the Noteholders without recourse, warranty or liability.

Frankfurt am Main, 13 February 2013

Commerzbank Aktiengesellschaft

By:

DESCRIPTION OF RULES REGARDING RESOLUTIONS OF NOTEHOLDERS

The Conditions of Issue provide that the Noteholders may agree to amendments or decide on other matters relating to the Notes by way of resolution to be passed in meetings of Noteholders or by taking votes without a meeting.

The rules regarding the convening and conduct of meetings of Noteholders and the taking of votes without meetings, the passing and publication of resolutions as well as their implementation and challenge before German courts are set out in the Act on Debt Securities (*Schuldverschreibungsgesetz – SchVG*). These rules are largely mandatory, although they permit in limited circumstances supplementary provisions set out in the Conditions of Issue.

The following is a brief summary of some of the statutory rules regarding the convening and conduct of meetings of Noteholders and the taking of votes without meetings, the passing and publication of resolutions as well as their implementation and challenge before German courts.

Noteholders' Meetings may be convened by the Issuer and, where so appointed by a Noteholders' resolution, by the Noteholders' Representative. Noteholders' Meetings must be convened if one or more Noteholders holding 5 per cent. or more of the outstanding Notes so require for specified reasons permitted by the statute.

Meetings may be convened not less than 14 days before the date of the meeting. Attendance and voting at the meeting may be made subject to prior registration of Noteholders. The convening notice will provide what proof will be required for attendance and voting at the meeting. The place of the meeting in respect of a German issuer is the place of the issuer's registered office, provided, however, that where the relevant Notes are listed on a stock exchange within the European Union or the European Economic Area, the meeting may be held at the place of such stock exchange.

The convening notice must include relevant particulars and must be made publicly available together with the agenda of the meeting setting out the proposals for resolution.

Each Noteholder may be represented by proxy.

A quorum exists if Noteholders representing by value not less than 50 per cent. of the outstanding Notes are present or represented at the meeting. If the quorum is not reached, a second meeting may be called at which no quorum will be required, provided that where a resolution may only be adopted by a qualified majority, a quorum requires the presence of at least 25 per cent. of the principal amount of outstanding Notes.

All resolutions adopted must be properly published. Resolutions which amend or supplement the Conditions of Issue have to be implemented by supplementing or amending the relevant Global Note(s).

In insolvency proceedings instituted in Germany against an Issuer, a Noteholders' Representative, if appointed, is obliged and exclusively entitled to assert the Noteholders' rights under the Notes. Any resolutions passed by the Noteholders are subject to the provisions of the Insolvency Code (*Insolvenzordnung*).

If a resolution constitutes a breach of the statute or the Conditions of Issue, Noteholders may bring an action to set aside such resolution. Such action must be filed with the competent court within one month following the publication of the resolution.

If the Conditions of Issue provide for resolutions to be passed by Noteholders without a meeting, the rules applicable to Noteholders' Meetings apply *mutatis mutandis* to any taking of votes by Noteholders without a meeting, subject to certain special provisions.

TAXATION

The following is a general description of certain tax considerations relating to the Notes in Germany, Luxembourg and Austria. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective purchasers of Notes should consult their tax advisers as to the consequences, under the tax laws of the country in which they are resident for tax purposes and under the tax laws of Germany, Luxembourg and Austria of acquiring, holding and disposing of Notes and receiving payments of principal, interest and other amounts under the Notes. This summary is based upon the laws in force and their interpretation on the date of this Prospectus and is subject to any change in law or interpretation that may take effect after such date.

Federal Republic of Germany

Income tax

Notes held by tax residents as private assets

- Taxation of interest

Payments of interest on the Notes to Noteholders who are tax residents of the Federal Republic of Germany (*i.e.*, persons whose residence or habitual abode is located in the Federal Republic of Germany) are subject to German income tax. In each case where German income tax arises, a solidarity surcharge (*Solidaritätszuschlag*) is levied in addition. Furthermore, church tax may be levied, where applicable. If interest claims are disposed of separately (*i.e.* without the Notes), the proceeds from the disposition are subject to income tax. The same applies to proceeds from the redemption of interest claims if the Note is disposed of separately.

On payments of interest on the Notes to individual tax residents of the Federal Republic of Germany income tax is generally levied as a flat income tax at a rate of 25% (plus solidarity surcharge in an amount of 5.5% of such tax, resulting in a total tax charge of 26.375%). The total investment income of an individual will be decreased by a lump sum deduction (*Sparer-Pauschbetrag*) of EUR 801 (EUR 1,602 for married couples filing jointly), not by a deduction of expenses actually incurred.

If the Notes are held in a custodial account which the Noteholder maintains with a German branch of a German or non-German bank or financial services institution or with a securities trading business or bank in the Federal Republic of Germany (the "**Disbursing Agent**") the flat income tax will be levied by way of withholding at the aforementioned rate from the gross interest payment to be made by the Disbursing Agent.

In general, no withholding tax will be levied if the Noteholder is an individual (i) whose Note does not form part of the property of a trade or business and (ii) who filed a withholding exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent but only to the extent the interest income derived from the Note together with other investment income does not exceed the maximum exemption amount shown on the withholding exemption certificate. Similarly, no withholding tax will be deducted if the Noteholder has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungs-Bescheinigung*) issued by the relevant local tax office.

If no Disbursing Agent (as defined above) is involved in the payment process the Noteholder will have to include its income on the Notes in its tax return and the flat income tax of 25% plus solidarity surcharge will be collected by way of assessment.

Payment of the flat income tax will generally satisfy any income tax liability of the Noteholder in respect of such investment income. Noteholders may apply for a tax assessment on the basis of general rules applicable to them if the resulting income tax burden is lower than 25%.

- Taxation of capital gains

Capital gains realised by individual tax residents of the Federal Republic of Germany from the disposition or redemption of the Notes are subject to the flat income tax on investment income at a rate of 25% (plus solidarity surcharge in an amount of 5.5% of such tax, resulting in a total tax charge of 26.375%).

Losses from the disposition or redemption of the Notes may only be offset against other investment income, subject to certain limitations. Losses not utilised in one year may be carried forward into subsequent years but may not be carried back into preceding years.

If the Notes are held in a custodial account which the Noteholder maintains with a Disbursing Agent (as defined above) the flat income tax will be levied by way of withholding from the difference between the redemption amount (or the proceeds from the disposition) and the issue price (or the purchase price) of the Notes. If the Notes have been transferred into the custodial account of the Disbursing Agent only after their acquisition, and no evidence on the acquisition data has been provided to the new Disbursing Agent by the Disbursing Agent which previously kept the Notes in its custodial account, withholding tax will be levied on 30% of the proceeds from the disposition or redemption of the Notes.

If no Disbursing Agent is involved in the payment process the Noteholder will have to include capital gains from the disposition or redemption of the Notes in its tax return and the flat income tax of 25% plus solidarity surcharge will be collected by way of assessment.

Payment of the flat income tax will generally satisfy any income tax liability of the Noteholder in respect of such investment income. Noteholders may apply for a tax assessment on the basis of general rules applicable to them if the resulting income tax burden is lower than 25%.

Notes held by tax residents as business assets

Payments of interest on Notes and capital gains from the disposition or redemption of Notes held as business assets by German tax resident individuals or corporations (including via a partnership, as the case may be), are generally subject to German income tax or corporate income tax (in each case plus solidarity surcharge). The interest and capital gain will also be subject to trade tax if the Notes form part of the property of a German trade or business.

If the Notes are held in a custodial account which the Noteholder maintains with a Disbursing Agent (as defined above) tax at a rate of 25% (plus a solidarity surcharge of 5.5% of such tax) will also be withheld from interest payments on Notes and generally also from capital gains from the disposition or redemption of Notes held as business assets. In these cases the withholding tax does not satisfy the income tax liability of the Noteholder, as in the case of the flat income tax, but will be credited as advance payment against the personal income or corporate income tax liability and the solidarity surcharge of the Noteholder.

With regard to capital gains no withholding will generally be required in the case of Notes held by corporations resident in Germany, provided that in the case of corporations of certain legal forms the status of the corporation has been evidenced by a certificate of the competent tax office, and upon application in the case of Notes held by individuals or partnerships as business assets.

Notes held by non-residents

Interest and capital gains are not subject to German taxation in the case of non-residents, *i.e.* persons having neither their residence nor their habitual abode nor legal domicile nor place of effective management in the Federal Republic of Germany, unless the Notes form part of the business property of a permanent establishment maintained in the Federal Republic of Germany. Interest may, however, also be subject to German income tax if it otherwise constitutes income taxable in Germany.

Non-residents of the Federal Republic of Germany are in general exempt from German withholding tax on interest and capital gains and from solidarity surcharge thereon. However, if the interest or

capital gain is subject to German taxation as set forth in the preceding paragraph and the Notes are held in a custodial account with a Disbursing Agent (as defined above), withholding tax will be levied as explained above at "Notes held by tax residents as business assets" or at "Notes held by tax residents as private assets", respectively.

Inheritance and Gift Tax

No inheritance or gift taxes with respect to any Note will generally arise under the laws of the Federal Republic of Germany, if, in the case of inheritance tax, neither the decedent nor the beneficiary, or, in the case of gift tax, neither the donor nor the donee, is a resident of the Federal Republic of Germany and such Note is not attributable to a German trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in the Federal Republic of Germany. Exceptions from this rule apply to certain German citizens who previously maintained a residence in the Federal Republic of Germany.

Other Taxes

No stamp, issue, registration or similar taxes or duties will be payable in the Federal Republic of Germany in connection with the issuance, delivery or execution of the Notes. Currently, net assets tax (*Vermögensteuer*) is not levied in the Federal Republic of Germany.

Luxembourg

Non-Residents

Under the existing laws of Luxembourg and except as provided for by the Luxembourg laws of 21 June 2005 implementing the EU Savings Tax Directive (as defined below), there is no withholding tax on the payment of interest on, or reimbursement of principal of, the Notes made to non-residents of Luxembourg.

Under the Luxembourg laws of 21 June 2005 implementing the EU Savings Tax Directive and as a result of ratification by Luxembourg of certain related Accords with the relevant dependent and associated territories, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual Noteholder or certain residual entities, who, as a result of an identification procedure implemented by the paying agent, are identified as residents or are deemed to be residents of an EU Member State other than Luxembourg or certain of those dependent or associated territories referred to under "*EU Savings Tax Directive*" below, will be subject to a withholding tax unless the relevant beneficiary has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her country of residence or deemed residence or, in the case of an individual Noteholder, has provided a tax exemption certificate from his/her fiscal authority in the format required by law to the relevant paying agent. Where withholding tax is applied, it will be levied at a rate of 20% until 30 June 2011 and at a rate of 35% thereafter.

Residents

According to the law of 23 December 2005, as amended, interest on the Notes paid by a Luxembourg paying agent or paying agents established in the EU, the EEA or in a State which has concluded an international agreement related to the EU Savings Tax Directive to an individual Noteholder who is a resident of Luxembourg or to a residual entity established in another EU Member State or in the dependent and associated territories (as defined under the EU Savings Tax Directive) securing the payment for such individual will be subject to a withholding tax of 10%. In case of payment through a paying agent established in the EU, the EEA or in a State which has concluded an international agreement related to the EU Savings Tax Directive, the Luxembourg resident individual Noteholder must under a specific procedure remit 10% tax to the Luxembourg Treasury.

If the individual Noteholder holds the Notes in the course of the management of his or her private wealth, the aforementioned 10% withholding tax will operate a full discharge of income tax due on such payments.

Interest on Notes paid by a Luxembourg paying agent to a resident Noteholder who is not an individual is not subject to withholding tax.

When used in the preceding paragraphs "**interest**", "**paying agent**" and "**residual entity**" have the meaning given thereto in the Luxembourg laws of 21 June 2005 (or the relevant Accords) and 23 December 2005, as amended. "**Interest**" will include accrued or capitalised interest at the sale, repayment or redemption of the Notes.

Payments of interest or similar income under the Notes to Clearstream Banking AG, Frankfurt am Main, Germany, and payments by and on behalf of Clearstream Banking AG, Frankfurt am Main, Germany, will not give rise to a withholding tax under Luxembourg law.

Republic of Austria

Income tax

Austrian Resident Taxpayers

Individuals having a domicile or their habitual abode in Austria or corporations having their corporate seat or their place of management in Austria are considered residents for Austrian income and corporate income tax law purposes, respectively.

- Notes held as private assets by tax residents who are individuals

Generally income arising with respect to the Notes in the form of either

- (i) fixed or floating interest payments (*Zinserträge*) or
- (ii) realised capital gains (*Einkünfte aus realisierten Wertsteigerungen*)

qualifies as "investment income" (*Einkünfte aus Kapitalvermögen*) and, as such, is taxed under a special regime at a flat 25 % rate. Realised capital gains are the difference between (a) the amount realised (e.g., the sale proceeds, the redemption or other pay-off amount, or the fair market value in case of a deemed realisation) and (b) the acquisition costs; in both cases (amount realised and acquisition costs) including accrued interest, if any.

For Notes held as private assets, the acquisition costs do not include ancillary acquisition costs (*Anschaffungsnebenkosten*). An average price is determined regarding Notes not acquired at the same time, but held in the same securities account with the same securities identification number. Expenses and costs (*Aufwendungen und Ausgaben*) that are directly connected with investment income are not tax effective.

Capital gains are not only taxed upon an actual disposition or redemption of the Notes, but also upon a deemed realisation, particularly upon losing the residency status in Austria (i.e. move abroad) or upon withdrawals (*Entnahmen*) and other transfers of Notes from one securities account to another one. In both cases, exemptions apply, regarding the loss of the residency status if the investor moves to an EU Member State and regarding withdrawals and other transfers from a securities account if an information procedure is fulfilled.

If an Austrian custodian (*inländische depotführende Stelle*, also referred to as "securities account keeping agent") or an Austrian paying agent (*auszahlende Stelle*) is involved in paying investment income (interest or capital gains), 25 % withholding taxation is imposed. The 25 % withholding tax generally results in a final income taxation; certain exceptions apply (in particular for investors whose regular personal income tax rate is lower than 25 %). If no withholding tax is imposed (e.g., because the Notes are held through a foreign paying agent), the investment income arising from the Notes generally has to be included in the income tax return in accordance with the law.

Losses from Notes held as private assets may only offset investment income (excluding, *inter alia*, interest income from bank deposits and other claims against banks) and must not offset any other income. Mandatory loss-offsetting rules to be handled by Austrian custodians apply. A carry-forward of losses is not possible in this context.

- Notes held as business assets by tax residents who are individuals

Generally, the same rules as described in the previous heading apply regarding Notes that are held as business assets by tax residents who are individuals. The most important differences are the following:

- Realised capital gains, contrary to interest income, have to be included in the tax return, since despite a 25 % withholding taxation that is also imposed in the context of Notes held as business assets if an Austrian custodian is involved, no final income taxation applies.
- Writedowns and realised losses regarding the Notes held as business assets are offset with positive income from realised capital gains that are investment income in the first place; 50 % of the remaining losses may be offset or carried forward against any other income.
- The acquisition costs of Notes held as business assets may also include ancillary costs incurred upon the acquisition.

It is noted that expenses and costs (*Aufwendungen und Ausgaben*) directly connected with investment income are also not tax effective in case the Notes held as business assets.

- Notes held as business assets by tax residents who are corporations

Corporate investors deriving business income from the Notes may avoid the application of withholding tax by filing a declaration of exemption (*Befreiungserklärung*) with the Austrian withholding tax agent. Income derived from the Notes by corporate investors (including any capital gains) is subject to corporate income tax at the general corporate income tax rate of 25%.

A special tax regime applies for private foundations (*Privatstiftungen*).

Notes held by non-residents

Non-resident investors who are resident individuals of an EU Member States have to consider the EU Savings Tax Directive regarding particular withholding tax rules (see in this respect below under the heading "*EU Savings Tax Directive*").

Investment income, including any capital gain, derived from the Notes by individuals who have neither a domicile nor their habitual abode in Austria or corporate investors who have neither their corporate seat nor their place of management in Austria ("*non-residents*") is not taxable in Austria provided the income is not attributable to a permanent establishment in Austria.

Non-resident investors receiving income from the Notes through an Austrian withholding tax agent (*i.e.* an Austrian paying agent or an Austrian custodian) may avoid Austrian withholding taxation by way of evidencing their non-resident-status vis-à-vis the withholding tax agent. If Austrian withholding tax is imposed, the investor may apply for a refund thereof.

If non-residents receive income from the Notes through an Austrian permanent establishment, they are to a large extent subject to the same tax treatment as resident investors.

EU Savings Tax Directive

Under the EU Council Directive 2003/48/EC dated 3 June 2003 on the taxation of savings income in the form of interest payments (the "**EU Savings Tax Directive**") each EU Member State must require paying agents (within the meaning of such directive) established within its territory to provide to the competent authority of this state details of the payment of interest made to any individual resident in

another EU Member State as the beneficial owner of the interest. The competent authority of the EU Member State of the paying agent is then required to communicate this information to the competent authority of the EU Member State of which the beneficial owner of the interest is a resident.

For a transitional period, Austria and Luxembourg may opt instead to withhold tax from interest payments within the meaning of the EU Savings Tax Directive at a rate of 35 % from 1 July 2011.

A number of non-EU countries and territories including Switzerland have agreed to apply measures equivalent to those contained in such directive (a withholding system in the case of Switzerland).

In Germany, provisions for implementing the EU Savings Tax Directive were enacted by legislative regulations of the Federal Government. These provisions apply since 1 July 2005.

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Savings Directive, which included the Commission's advice on the need for changes to the Savings Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Savings Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of the proposed changes are made in relation to the Savings Directive, they may amend or broaden the scope of the requirements described above.

SUBSCRIPTION, SALE AND OFFER OF THE NOTES

General

HORNBAACH-Baumarkt-Aktiengesellschaft has agreed in an agreement to be signed on or about 13 February 2013 to sell to Commerzbank Aktiengesellschaft, HSBC Bank plc and UniCredit Bank AG (together, the "**Joint Lead Managers**"), and the Joint Lead Managers have agreed, subject to certain customary closing conditions, to purchase, the Notes on 15 February 2013 (which date may be postponed up to two weeks, the "**Issue Date**") at a price of [●] % of their principal amount (the "**Issue Price**"). Proceeds to the Issuer will be net of commissions of up to 0.65 % of the aggregate principal amount of the Notes payable to the Joint Lead Managers. The Issuer has furthermore agreed to reimburse the Joint Lead Managers for certain expenses incurred in connection with the issue of the Notes.

The Joint Lead Managers are entitled, under certain circumstances, to terminate the agreement reached with the Issuer. In such event, no Notes will be delivered to investors. Furthermore, the Issuer has agreed to indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Notes.

The Joint Lead Managers or their affiliates have provided from time to time, and expect to provide in the future, investment services to the Issuer and its affiliates, for which the Joint Lead Managers or their affiliates have received or will receive customary fees and commissions.

There are no interests of natural and legal persons other than the Issuer involved in the issue, including conflicting ones that are material to the issue.

Offer of the Notes

Offer Period and determination of Pricing Details

The Notes will be offered to investors by the Joint Lead Managers during an offer period which will commence on or about 6 February 2013 and will be open for until 1 March 2013 subject to any shortening or extension of the offer period as published in the Pricing Notice (as defined below). Subject to market conditions, the Issue Date may be postponed up to two weeks. Prospective investors will be informed of such postponement by publication in the Pricing Notice. During the offer period, investors may submit orders to the Joint Lead Managers. On the basis of the orders received by the Joint Lead Managers the Issue Price, the rate of interest, the number of notes to be issued, the aggregate nominal amount and the yield of the issue will be determined on the pricing date which is expected to be on or about 6 February 2013 and will be communicated to investors. The commissions will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu). The results of the offer will be included in a notification which will be filed with the CSSF and published on the website of the Luxembourg Stock Exchange (www.bourse.lu) as soon as possible after the date of pricing and prior to the Issue Date (the "**Pricing Notice**"). Should the Issuer and the Joint Lead Managers determine any shortening or extension of the offer period, which could be the result of changing market conditions, such changes will be published in the same manner as the pricing details.

Public Offer

The Notes will be sold to institutional investors and retail investors in compliance with the public offer restrictions in all countries in the European Union. A public offer will be made in Luxembourg and, following the notification of the Prospectus by the CSSF according to Article 18 of the Prospectus Directive also in Germany and Austria.

Conditions and technical details of the Offer

The following sets out details of the offer which is required to comply with the requirements of the applicable prospectus regulation. There are no conditions to which the offer is subject. Any offer to investors to purchase Notes will be made through, and investors may submit their offers to buy Notes, using the information system Bloomberg or any other commonly used information systems. Following the publication of the Pricing Notice the Joint Lead Managers will offer the Notes upon request through banking institutions in Germany. Subscription rights for the Notes will not be issued. Therefore, there are no procedures for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised. Any investor who has submitted an order in relation to the Notes whose order is accepted will receive a confirmation by electronic mail, fax or through commonly used information systems relating to the respective allotment of Notes. Before an investor receives a confirmation from the Joint Lead Managers that its purchase order for the Notes has been accepted, the investor may reduce or withdraw its purchase orders. Each investor will receive a confirmation relating to the results of the offer relating to the respective allotment of the Notes. There is no minimum or maximum amount of Notes to be purchased. Investors may place offers to purchase Notes in any amount.

Confirmation in relation to an order and allotments as well as delivery of the Notes

Following the pricing of the Notes and confirmation which orders have been accepted and which amounts have been allotted to particular investors, delivery and payment of the Notes will be made within five business days after the date of pricing of the Notes and the confirmation of the allotment to investors. The Notes will be delivered via book-entry through the Clearing System and its accountholding banks against payment of the Issue Price.

Charges and costs relating to the Offer

The Issuer will not charge any costs, expenses or taxes directly to any investor. Investors must inform themselves about any costs, expenses or taxes in connection with the purchase of Notes which are generally applicable in their respective country of residence, including any charges of their own depository banks in connection with the purchase or holding of securities.

Method of determination of the Issue Price and the rate of interest

The rate of interest and the Issue Price for the Notes will be determined at the time of pricing on the basis of a yield which is determined by adding a credit spread to the level of the Midswaps at the time of pricing. The pricing spread will be determined on the basis of the orders of the investors which are received by the Joint Lead Managers during the offer period. The level of the Midswaps will be determined as the average yield of the bid and ask prices of Interest-Swap Transactions ("**Midswaps**") with a maturity similar to the maturity of the Notes shown on the Reuters page ICAPEURO or on any other screen page which is conventionally used to price Eurobond transactions at the time of pricing. The resulting yield will be used to determine an Issue Price (which is expected to be less than par) and a rate of interest (which is expected to be a percentage figure which can be evenly divided by 1/8 of a full per cent. and which will be correspondingly higher if a higher Issue Price is determined and which will be correspondingly lower if a lower Issue Price is determined), all to correspond to the yield which reflects the level of the Midswaps and the pricing spread. In the event that the figures for the relevant Midswaps are not available on the relevant screen page as set out above then the relevant figures shall be determined in a manner which banks and other institutional market participants apply at that time. The resulting figure will represent the yield of the Notes and such yield will be used to determine the rate of interest and the Issue Price.

Selling Restrictions***General***

Each Joint Lead Manager has represented and agreed that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in or from which it purchases, offers, sells or delivers the Notes or possesses or distributes the Prospectus and

that it will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Joint Lead Managers shall have any responsibility therefor.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Joint Lead Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Notes which has been approved by the competent authority in that Relevant Member State in accordance with the Prospectus Directive or, where appropriate, published in another Relevant Member State and notified to the competent authority in that Relevant Member State in accordance with Article 18 of the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State at any time:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- (c) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive;

provided that no such offer of Notes shall require the Issuer or Joint Lead Managers to publish a Prospectus pursuant to Article 3 of the Prospectus Directive or supplement a Prospectus pursuant to Articles 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

United States of America and its Territories

Each Joint Lead Manager has acknowledged that the Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered, sold or delivered within the United States of America (the "**United States**") to or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Joint Lead Manager has represented and agreed that neither it nor any persons acting on its behalf has offered, sold or delivered and will offer, sell or deliver any Notes within the United States except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, each Joint Lead Manager has represented and agreed that neither it, its affiliates nor any persons acting on its or their behalf has engaged or will engage in any directed selling efforts with respect to the Notes. Terms used in this subparagraph have the meaning given to them by Regulation S.

The Notes will be issued in accordance with the provisions of United States Treasury Regulation § 1.163-5(c)(2)(i)(D) (the "**TEFRA D Rules**" or "**TEFRA D**") (or, any successor rules in substantially

the same form as the TEFRA D Rules, as applicable, for purposes of Section 4701 of the U.S. Internal Revenue Code).

- (a) Except to the extent permitted under TEFRA D, each Joint Lead Manager has represented that (i) it has not offered or sold, and agrees that during the restricted period it will not offer or sell, such Notes to a person who is within the United States or its possessions or to a United States person, and (ii) it has not delivered and agrees that it will not deliver within the United States or its possessions such Notes that are sold during the restricted period;
- (b) Each Joint Lead Manager has represented that it has and agreed that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling such Notes are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by TEFRA D;
- (c) If it is a United States person, each Joint Lead Manager has represented that it is acquiring such Notes for purposes of resale in connection with their original issuance and if it retains such Notes for its own account, it will only do so in accordance with the requirements of TEFRA D; and
- (d) With respect to each affiliate that acquires such Notes from a Joint Lead Manager for the purpose of offering or selling such Notes during the restricted period, such Joint Lead Manager has repeated and confirmed the representations and agreements contained in paragraphs (a), (b) and (c) above on such affiliate's behalf.

Terms used in this subparagraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder, including the TEFRA D Rules.

United Kingdom of Great Britain and Northern Ireland

Each Joint Lead Manager has represented and agreed that,

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended ("**FSMA**")) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Japan

Each Joint Lead Manager has acknowledged that the Notes have not been and will not be registered under the Financial Instrument and Exchange Law of Japan (Law No. 25 of 1948, as amended) (the "**Financial Instrument and Exchange Law**") and each Joint Lead Manager has agreed that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan, or to a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instrument and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

GENERAL INFORMATION / INCORPORATION BY REFERENCE

Authorisation

The creation and issue of the Notes has been authorised by a resolution of the Board of Management of the Issuer dated 21 January 2013. The giving of the Guarantee has been authorised by a resolution of the managing directors of the Guarantor dated 30 January 2013.

Clearance and Settlement

The Notes have been accepted for clearance by Clearstream Banking AG, Frankfurt am Main, Germany. The Notes have been assigned the following securities codes: ISIN DE000A1R02E0, Common Code 088625617, WKN A1R02E.

Luxembourg Listing and Admission to Trading

Application has been made for admission to trading of the Notes on the regulated market of the Luxembourg Stock Exchange and for listing of the Notes on the official list of the Luxembourg Stock Exchange.

Rating

The Notes are expected to receive a rating from Standard & Poor's and Moody's which is expected to be the Issuer rating.

Yield

The yield of the Notes is [●] % *per annum*. Such yield is calculated in accordance with the ICMA (International Capital Market Association) method.

Expenses

The total expenses of the issue of the Notes are expected to amount to approximately € [●].

Incorporation by Reference

The following documents are incorporated by reference into this Prospectus:

HORNBACH-Baumarkt-Aktiengesellschaft

- (1) The English language audited Consolidated Financial Statements of the HORNBACH Baumarkt Group for the fiscal year ended on 28 February 2011 consisting of
 - Income Statement (page 86 in the Annual Report 2010/2011),
 - Statement of Comprehensive Income (page 86 in the Annual Report 2010/2011),
 - Balance Sheet (page 87 in the Annual Report 2010/2011)
 - Statement of Changes in Equity (page 88 in the Annual Report 2010/2011),
 - Cash Flow Statement (page 89 in the Annual Report 2010/2011),
 - Notes to the Consolidated Financial Statements (pages 90 to 153 in the Annual Report 2010/2011),
 together with the Auditor's Report (page 155 in the Annual Report 2010/2011).

- (2) The English language audited Consolidated Financial Statements of the HORNBACH Baumarkt Group for the fiscal year ended on 29 February 2012 consisting of
 - Income Statement (page 96 in the Annual Report 2011/2012),
 - Statement of Comprehensive Income (page 96 in the Annual Report 2011/2012),
 - Balance Sheet (page 97 in the Annual Report 2011/2012)
 - Statement of Changes in Equity (page 98 in the Annual Report 2011/2012),
 - Cash Flow Statement (page 99 in the Annual Report 2011/2012),
 - Notes to the Consolidated Financial Statements (pages 100 to 166 in the Annual Report

2011/2012),
together with the Auditor's Report (page 168 in the Annual Report 2011/2012).

- (3) The English language unaudited Interim Consolidated Financial Statements of the HORNBAACH-Baumarkt Group for the first nine months of the financial year 2012/2013 as of 30 November 2012 consisting of
- Income Statement (page 8 in the Interim Report for the first nine months of the financial year 2012/2013),
 - Statement of Comprehensive Income (page 8 in the Interim Report for the first nine months of the financial year 2012/2013),
 - Balance Sheet (page 9 in the Interim Report for the first nine months of the financial year 2012/2013)
 - Statement of Changes in Equity (page 10 in the Interim Report for the first nine months of the financial year 2012/2013),
 - Cash Flow Statement (page 11 in the Interim Report for the first nine months of the financial year 2012/2013),
 - Notes to the Interim Consolidated Financial Statements (pages 12 to 17 in the Interim Report for the first nine months of the financial year 2012/2013).

Other

Any information not listed in the list above but included in the documents incorporated by reference is given for information purposes only.

The documents incorporated by reference are available on the website of the Luxembourg Stock Exchange (www.bourse.lu) and may be inspected and are available free of charge at HORNBAACH-Baumarkt-Aktiengesellschaft, Hornbachstraße 11, 76878 Bornheim, Germany, as long as any Notes are listed on the regulated market of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require.

Documents on Display

For so long as any Note is outstanding, copies of the following documents may be inspected during normal business hours at the specified office of the Principal Paying Agent and as long as the Notes are listed on the official list of the Luxembourg Stock Exchange the documents set out below will be available on the website of the Luxembourg Stock Exchange (www.bourse.lu):

- (a) the articles of association of the Issuer and the Guarantor;
- (b) the Prospectus;
- (c) the Guarantee;
- (d) the historical financial statements of the Guarantor, including (i) the audited unconsolidated Annual German GAAP Financial Statements of HORNBAACH International GmbH for the fiscal year ended on 28 February 2011, (ii) audited unconsolidated Annual German GAAP Financial Statements of HORNBAACH International GmbH for the fiscal year ended on 29 February 2012 and (iii) unaudited unconsolidated Interim German GAAP Financial Statements of HORNBAACH International GmbH for the first nine months of the financial year 2012/2013 as of 30 November 2012;
- (e) the documents incorporated by reference set out above.

FINANCIAL INFORMATION

**Audited Annual German GAAP Financial Statements of
HORNBACH International GmbH, Bornheim, Germany,
for the fiscal year ended on 28 February 2011**

Balance Sheet

as of 28 February 2011

Assets	Notes	28.2.2011 € 000s	28.2.2010 € 000s
A. Non-current assets	1		
I. Property, plant and equipment			
Other assets, plant and operating equipment		17	55
		17	55
II. Financial assets	1		
Investments in associates and participating interests		109,627	106,627
		109,644	106,682
B. Current assets	2		
I. Receivables and other assets			
1. Receivables from associates		62	5
2. Other assets		2,008	1,961
		2,070	1,966
		111,714	108,648

Shareholders' equity and liabilities	Notes	28.2.2011 € 000s	28.2.2010 € 000s
A. Shareholders' equity	3		
I. Share capital		5,113	5,113
II. Capital reserve		20,452	20,452
III. Revenue reserves			
Other revenue reserves		19	19
		25,584	25,584
B. Provisions	4		
Other provisions		20	30
		20	30
C. Liabilities	5		
Liabilities from associates		86,110	83,034
		86,110	83,034
		111,714	108,648

Income Statement

for the period from 1 March 2010 to 28 February 2011

	Notes	2010/2011 € 000s	2009/2010 € 000s
1. Income from participating interests	7	22,134	38,216
2. Other operating income	8	48	47
3. Depreciation of property, plant and equipment	1	38	46
4. Other operating expenses	9	75	49
5. Interest result	10	-481	-554
6. Result of ordinary operating activities		21,588	37,614
7. Extraordinary result (income)	11	0	0
8. Profit transferred due to profit and loss transfer agreement		-21,588	-37,614
9. Annual net surplus		0	0

Notes

Application of German Commercial Code (HGB)

The annual financial statements of HORNBACH International GmbH have been prepared in accordance with the requirements of the German Commercial Code (HGB) and of the German Limited Liability Company Act (GmbHG). To enhance clarity of presentation, individual items have been pooled in the balance sheet and income statement. These items have been reported separately in the notes. Additional mandatory disclosures required for individual items have also been presented in the notes.

List of shareholdings

HORNBACH International GmbH has the following investments in associates and participating interests:

Company name and domicile	Shareholding in %	Equity ¹⁾ in thousands, local currency	Earnings in thousands, local currency	Local currency
Direct shareholdings				
HORNBACH Baumarkt CS spol s.r.o., Prague, Czech Republic	100 ^{*)}	1,421,315	377,806	CZK
HORNBACH Baumarkt GmbH, Wiener Neudorf, Austria	100	51,930	10,694	EUR
EZ Immobilien Beta GmbH, Wiener Neudorf, Austria	100	5,500	513	EUR
HL Immobilien Lambda GmbH, Wiener Neudorf, Austria	100	-616	-1	EUR
HS Immobilien Sigma GmbH, Wiener Neudorf, Austria	100	-512	-242	EUR
HORNBACH Baumarkt Luxemburg SARL, Bertrange, Luxembourg	100	9,881	4,808	EUR
HORNBACH Baumarkt (Schweiz) AG, Oberkirch, Switzerland	100	76,156	32,663	CHF
HORNBACH Byggnad AB, Gothenburg, Sweden	100	95,655	100,376	SEK
HIAG Fastigheter i Sisjön AB, Gothenburg, Sweden	100	500	714	SEK
HORNBACH Holding B.V., Amsterdam, Netherlands	100	63,809	13,182 ²⁾	EUR
HORNBACH Baumarkt SK spol s.r.o., Bratislava, Slovakia	100	17,274	2,784	EUR
HORNBACH Centrala SRL, Domnesti, Romania	96 ³⁾	26,352 ⁴⁾	9,013 ⁴⁾	RON
Indirect shareholdings				
HORNBACH Bouwmarkt (Nederland) B.V., Driebergen-Rijsenburg, Netherlands	100	12,237	12,219 ⁵⁾	EUR
HORNBACH Real Estate Breda B.V., Breda, Netherlands	100	356	511 ⁵⁾	EUR
HORNBACH Real Estate Tilburg B.V., Tilburg, Netherlands	100	167	149 ⁵⁾	EUR
HORNBACH Real Estate Groningen B.V., Groningen, Netherlands	100	245	226 ⁵⁾	EUR
HORNBACH Real Estate Wateringen B.V., Wateringen, Netherlands	100	639	619 ⁵⁾	EUR
HORNBACH Real Estate Alblasserdam B.V., Alblasserdam, Netherlands	100	-1,732	601 ⁵⁾	EUR
HORNBACH Real Estate Nieuwegein B.V., Nieuwegein, Netherlands	100	777	757 ⁵⁾	EUR
HORNBACH Real Estate Nieuwerkerk B.V., Nieuwerkerk, Netherlands	100	162	-83 ⁵⁾	EUR
HORNBACH Real Estate Geleen B.V., Geleen, Netherlands	100	13	4 ⁵⁾	EUR
HORNBACH Reclame Activiteiten B.V., Nieuwegein, Netherlands	100	43	22 ⁵⁾	EUR

1) Including 2010/2011 annual earnings.

2) Earnings after revaluation of equity of the companies marked with ^{o)}.

3) HORNBACH-Baumarkt-AG directly holds 4.0193% of the shares in Hornbach Centrala SRL.

4) Shareholders' equity and earnings pursuant to IFRS as of 28 February 2011.

⁵⁾ Included at equity in earnings of Hornbach Holding B.V.

^{oo)} 99.996% - one share is held by HORNBACH-Baumarkt-AG

The exchange rates used to translate the respective national currencies into EUR are presented in the following table:

Country	Rate on reporting date		Average rate	
	28.2.2011	28.2.2010	2010/2011	2009/2010
RON Romania	4.2057	4.1145	4.23142	4.21785
SEK Sweden	8.7445	9.7260	9.34325	10.49790
CHF Switzerland	1.2840	1.4638	1.35157	1.50651
CZK Czech Republic	24.3530	25.9700	25.01167	26.15997

Conversion to requirements of German Accounting Law Modernisation Act (BilMoG)

The German Accounting Law Modernisation Act (BilMoG) took effect on 29 May 2009. The requirements newly included in the German Commercial Code (HGB) on account of this legislation require mandatory application in financial years beginning on or after 1 January 2010. These new requirements were applied for the first time as of 1 March 2010. In these annual financial statements, these amendments mainly affect the following accounting policies:

- Foreign-currency receivables and liabilities with remaining terms of one year or less are measured at the median spot rate as of the respective measurement date.
- Low-value assets with acquisition costs of more than € 150 are written down in line with their respective useful lives.

The resultant impact on profit on loss due to the transition from 28 February 2010 to 1 March 2010 (opening balance sheet) has been recognised in the extraordinary result.

The new requirements have no implications for the structure of the balance sheet.

The previous year's figures have not been retrospectively adjusted. They correspond to the figures published as of 28 February 2010.

Accounting policies

The accounting policies applied in the previous year have basically been retained. The amendments made are attributable to the changes in the German Commercial Code (HGB) referred to above in connection with the introduction of the German Accounting Law Modernisation Act (BilMoG).

Property, plant and equipment are recognised at cost, less depreciation. Scheduled depreciation is undertaken on a straight-line basis in line with expected useful lives. Assets are depreciated on a pro rata temporis basis.

Low-value assets with acquisition costs of up to € 150 are written down in full in their year of acquisition and recognised as disposals. Until 28 February 2010, low-value assets with costs of acquisition of between € 150 and € 1,000 were allocated to a year-based collective item and depreciated over a five-year period. Low-value assets with acquisition costs of more than € 150 acquired on or after 1 March 2010 are depreciated in line with their respective useful lives.

Financial assets are measured at cost less impairment losses in cases where value impairments are expected to be permanent.

Receivables and other assets are recognised at nominal value. Individual risks are accounted for with corresponding individual allowances. Non-interest-bearing receivables are recognised at present value. Discounting is based on a congruent risk-free interest rate.

Provisions account for all identifiable risks and uncertain liabilities. Provisions are recognised at the amount required by prudent commercial assessment.

Liabilities are measured at their respective repayment amounts.

Foreign-currency receivables and liabilities are translated at the exchange rate on the date on which they arise. Foreign-currency receivables and liabilities with remaining terms of one year or less are measured using the median spot rate on the balance sheet date. In the case of longer-term foreign-currency receivables and liabilities, exchange rate losses are recognised as of the balance sheet date, while no account is taken of measurement gains.

Notes on the Balance Sheet

(1) Non-current assets

Non-current assets developed as follows in the 2010/2011 financial year:

€ 000s	Acquisition cost 1.3.2010	Additions
Property, plant and equipment		
Other assets, plant and office equipment	165	0
	165	0
Financial assets		
Investments in associates and participating interests	106,880	3,000
	106,880	3,000
Total	107,045	3,000

Acquisition costs 28.2.2011	Depreciation and amortisation (cumulative)	Carrying amount 28.2.2011	Carrying amount 28.2.2010	Depreciation and amortisation (financial year)
165	148	17	55	38
165	148	17	55	38
109,880	253	109,627	106,627	0
109,880	253	109,627	106,627	0
110,045	401	109,644	106,682	38

Additions to financial assets relate to a capital increase of € 3.0 million at HORNBAACH Centrala SRL, Domnesti, Romania.

(2) Current assets

Of receivables due from associates of HORNBAACH International GmbH, an amount of € 62k (previous year: € 5k) results from trade receivables.

Other assets mainly relate to two deposits of € 1,995k (previous year: € 1,958k). These serve to secure potential retrospective claims to purchase price reductions on the part of the buyer of the shares in two Austrian real estate companies. These items have maximum terms of eleven years.

(3) Shareholders' equity

Subscribed capital (share capital) amounts to unchanged total of DM 10,000,000.00; this corresponds to € 5,112,918.81.

(4) Provisions

Provisions include internal and external year-end expenses.

(5) Liabilities

	28.2.2011	28.2.2010
	€ 000s	€ 000s
Liabilities to associates	86,110	83,034
of which with remaining terms of up to 1 year	21,587	37,614
of which with remaining terms of more than 5 years	64,523	45,420
	86,110	83,034

Of the liabilities to associates, an amount of € 86.1 million relates to liabilities towards the shareholder HORNBACH-Baumarkt-Aktiengesellschaft (previous year: € 83.0m). Of these, € 64.5 million (previous year: € 45.4m) result from group financing and € 21.6 million (previous year: € 37.6m) from profit transfer obligations.

(6) Contingent liabilities

As in the previous year, a letter of comfort has been issued in favour of associates. This has a term through to 26 April 2011, while the maximum amount of any potential obligation arising as a result has not been quantified.

In the context of the promissory note bonds taken up at HORNBACH Baumarkt CS spol s.r.o., Czech Republic, and HORNBACH Baumarkt (Schweiz) AG, Switzerland, the two companies HORNBACH International GmbH, Bornheim bei Landau/Pfalz, and HORNBACH-Baumarkt-AG, Bornheim bei Landau/Pfalz, act as guarantors with joint and several liability towards Landesbank Baden-Württemberg, Stuttgart, and guarantee the punctual payment of all amounts maturing and outstanding due to or in connection with the promissory note bonds.

Notes on the Income Statement

The income statement has been prepared using the total cost method.

(7) Income from participating interests

The income of € 22,134k from participating interests (previous year: € 38,216k) includes profit distributions from the following subsidiaries:

	2010/2011 € 000s	2009/2010 € 000s
HORNBACH Holding B.V., Netherlands	5,000	22,000
HORNBACH BAUMARKT CS spol s.r.o., Czech Republic	12,134	12,216
HORNBACH Baumarkt Luxemburg SARL, Luxembourg	5,000	4,000
	22,134	38,216

(8) Other operating income

Other operating income mainly results from the charging on of expenses to associates.

(9) Other operating expenses

Other operating expenses mainly include legal and advisory expenses, expenses due to group allocations and retrospective expenses in connection with the sale of a real estate company.

(10) Interest result

	2010/2011 € 000s	2009/2010 € 000s
Other interest and similar income	169	52
of which from associates	131	21
Interest and similar expenses	650	606
of which to associates	650	606
	-481	-554

(11) Extraordinary result

The extraordinary result of € 458 is attributable to foreign-currency measurement upon first-time application of the requirements newly included in the German Commercial Code (HGB) on account of the German Accounting Law Modernisation Act (BilMoG).

Other Disclosures

A control and profit transfer agreement is in place with HORNBACH-Baumarkt-Aktiengesellschaft, Bornheim bei Landau/Pfalz.

The management comprised the following individuals in the 2010/2011 financial year:

Roland Pelka

Member of Board of Management (Deputy Chairman)
of HORNBACH-Baumarkt-AG

Manfred Valder

Member of Board of Management
of HORNBACH-Baumarkt-AG

Hans-Joachim Perret

Authorised Representative
of HORNBACH-Baumarkt-AG

The annual financial statements of HORNBACH International GmbH, Bornheim bei Landau/Pfalz, are included in the consolidated financial statements of HORNBACH-Baumarkt-Aktiengesellschaft, Bornheim bei Landau/Pfalz, with exemption status thereby accorded to the company pursuant to § 291 (2) of the German Commercial Code (HGB). These consolidated financial statements are in turn included in the consolidated financial statements of HORNBACH HOLDING Aktiengesellschaft, Neustadt/Weinstrasse. The consolidated financial statements (HORNBACH-Baumarkt-Aktiengesellschaft and HORNBACH HOLDING Aktiengesellschaft) are published in the electronic Federal Official Gazette (Bundesanzeiger).

Bornheim bei Landau/Pfalz, 3 May 2011

(Roland Pelka)

(Manfred Valder)

(Hans-Joachim Perret)

Auditor's Report

To the HORNBACH International GmbH

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system of the HORNBACH International GmbH for the business year from 1 March 2010 to 28 February 2011. The maintenance of the books and records and the preparation of the annual financial statements in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB [„Handelsgesetzbuch“: „German Commercial Code“] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with principles of proper accounting are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records and the annual financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the HORNBACH International GmbH in accordance with principles of proper accounting.

Frankfurt am Main, 3 May 2011

KPMG AG
Wirtschaftsprüfungsgesellschaft

Bertram
German Public Auditor

Kunisch
German Public Auditor

Unaudited Cash Flow Statement according to German Accounting Standard No. 2 (GAS 2)

for the period from 1 March 2010 to 28 February 2011

	2010/2011 € 000s	2009/2010 € 000s
Net income before transfer of profit due to profit and loss transfer agreement	21,588	37,614
Depreciation of property, plant and equipment	38	46
Change in provisions	(10)	16
Gains/losses on disposals of non-current assets	0	0
Change in inventories, trade receivables and other assets	(104)	(17)
Change in trade payables and other liabilities	(96)	20
Cash flow from operating activities	21,416	37,679
Proceeds from disposal of non-current assets	0	0
Payments for investments in property, plant, and equipment	0	0
Payments for investments in financial assets	(3,000)	(7,880)
Cash flow from investing activities	(3,000)	(7,780)
Proceeds from capital increases	0	0
Proceeds from group financing activities	(18,416)	(29,803)
Cash flow from financing activities	(18,416)	(29,803)
Cash-effective change in cash and cash equivalents	0	(3)
Cash and cash equivalents at March 1	0	3
Cash and cash equivalents at February 28	0	0

**Audited Annual German GAAP Financial Statements
of HORNBAACH International GmbH, Bornheim, Germany,
for the fiscal year ended on 29 February 2012**

Balance Sheet

as of 29 February 2012

Assets	Notes	29.2.2012 € 000s	28.2.2011 € 000s
A. Non-current assets	1		
I. Property, plant and equipment			
Other assets, plant and office equipment		45	17
		45	17
II. Financial assets			
Investments in associates and participating interests		93,306	109,627
		93,351	109,644
B. Current assets	2		
I. Receivables and other assets			
1. Receivables from associates		10,644	62
2. Other assets		2,042	2,008
		12,686	2,070
		106,037	111,714

Shareholders' equity and liabilities	Notes	29.2.2012 € 000s	28.2.2011 € 000s
A. Shareholders' equity	3		
I. Share capital		30,000	5,113
II. Capital reserve		76,000	20,452
III. Revenue reserves			
Other revenue reserves		19	19
		106,019	25,584
B. Provisions	4		
Other provisions		18	20
		18	20
C. Liabilities	5		
Liabilities from associates		0	86,110
		0	86,110
		106,037	111,714

Income Statement

for the period from 1 March 2011 to 29 February 2012

	Notes	2011/2012 € 000s	2010/2011 € 000s
1. Income from participating interests	7	33,232	22,134
2. Other operating income	8	190	48
of which from foreign currency		127	0
3. Depreciation of property, plant and equipment	1	23	38
4. Other operating expenses	9	271	75
of which from foreign currency		226	0
5. Write-downs of financial assets	1	16,321	0
6. Interest result	10	-50	-481
7. Result of ordinary operating activities		16,757	21,588
8. Profit transferred due to profit and loss transfer agreement		-16,757	-21,588
9. Annual net surplus		0	0

Notes

Application of German Commercial Code (HGB)

The annual financial statements of HORNBAACH International GmbH have been prepared in accordance with the requirements of the German Commercial Code (HGB) and of the German Limited Liability Company Act (GmbHG). To enhance clarity of presentation, individual items have been pooled in the balance sheet and income statement. These items have been reported separately in the notes. Additional mandatory disclosures required for individual items have also been presented in the notes.

List of shareholdings

HORNBAACH International GmbH has the following investments in associates and participating interests:

Company name and domicile	Shareholding in %	Equity ¹⁾ in thousands, local currency	Earnings in thousands, local currency	Local currency
Direct shareholdings				
HORNBACH Baumarkt CS spol s.r.o., Prague, Czech Republic	100 ^{*)}	1,432,020	255,893	CZK
HORNBACH Baumarkt GmbH, Wiener Neudorf, Austria	100	62,688	10,758	EUR
EZ Immobilien Beta GmbH, Wiener Neudorf, Austria	100	6,096	596	EUR
HL Immobilien Lambda GmbH, Wiener Neudorf, Austria	100	-632	-16	EUR
HS Immobilien Sigma GmbH, Wiener Neudorf, Austria	100	-538	-26	EUR
HORNBACH Baumarkt Luxemburg SARL, Bertrange, Luxembourg	100	10,612	5,331	EUR
HORNBACH Baumarkt (Schweiz) AG, Oberkirch, Switzerland	100	90,974	37,818	CHF
HORNBACH Byggnad AB, Gothenburg, Sweden	100	117,247	21,591	SEK
HIAG Fastigheter i Sisjön AB, Gothenburg, Sweden	100	291	-209	SEK
HORNBACH Holding B.V., Amsterdam, Netherlands	100	80,114	16,485 ²⁾	EUR
HORNBACH Baumarkt SK spol s.r.o., Bratislava, Slovakia	100	19,216	1,942	EUR
HORNBACH Centrala SRL, Domnesti, Romania	96 ³⁾	-4,265 ⁴⁾	-30,617 ⁴⁾	RON
Indirect shareholdings				
HORNBACH Bouwmarkt (Nederland) B.V., Driebergen-Rijsenburg, Netherlands	100	14,867	14,849 ⁵⁾	EUR
HORNBACH Real Estate Breda B.V., Breda, Netherlands	100	1,974	1,792 ⁵⁾	EUR
HORNBACH Real Estate Amsterdam-Sloterdijk B.V., Amsterdam, Netherlands	100	9	-11 ⁵⁾	EUR
HORNBACH Real Estate Tilburg B.V., Tilburg, Netherlands	100	422	404 ⁵⁾	EUR
HORNBACH Real Estate Groningen B.V., Groningen, Netherlands	100	416	398 ⁵⁾	EUR
HORNBACH Real Estate Wateringen B.V., Wateringen, Netherlands	100	789	769 ⁵⁾	EUR
HORNBACH Real Estate Alblasserdam B.V., Alblasserdam, Netherlands	100	-1,130	602 ⁵⁾	EUR
HORNBACH Real Estate Nieuwegein B.V., Nieuwegein, Netherlands	100	854	834 ⁵⁾	EUR
HORNBACH Real Estate Nieuwerkerk B.V., Nieuwerkerk, Netherlands	100	60	-102 ⁵⁾	EUR
HORNBACH Real Estate Geleen B.V., Geleen, Netherlands	100	30	21 ⁵⁾	EUR
HORNBACH Reclame Activiteiten B.V., Nieuwegein, Netherlands	100	5	-37 ⁵⁾	EUR
TIM HB SRL, Timisoara Bd., Romania	100	747 ⁴⁾	746 ⁴⁾	RON

1) Including 2011/2012 annual earnings.

2) Earnings after revaluation of equity of the companies marked with ²⁾.

3) HORNBACH-Baumarkt-AG directly holds 4.0193% of the shares in Hornbach Centrala SRL.

4) Shareholders' equity and earnings pursuant to IFRS as of 29 February 2012.

⁵⁾ Included at equity in earnings of Hornbach Holding B.V.

⁶⁾ 99.996% - one share is held by HORNBACH-Baumarkt-AG

The exchange rates used to translate the respective national currencies into EUR are presented in the following table:

Country	Rate on reporting date		Average rate	
	29.2.2012	28.2.2011	2011/2012	2010/2011
RON Romania	4.3486	4.2057	4.25397	4.23142
SEK Sweden	8.8088	8.7445	9.02505	9.34325
CHF Switzerland	1.2051	1.2840	1.22086	1.35157
CZK Czech Republic	24.8430	24.3530	24.74297	25.01167

Accounting policies

The accounting policies are consistent with those applied in the previous year.

Property, plant and equipment are recognised at cost, less depreciation. Scheduled depreciation is undertaken on a straight-line basis in line with expected useful lives. Assets are depreciated on a pro rata temporis basis.

Low-value assets with acquisition costs of up to € 150 are written down in full in their year of acquisition and recognised as disposals. Until 28 February 2010, low-value assets with costs of acquisition of between € 150 and € 1,000 were allocated to a year-based collective item and depreciated over a five-year period. Low-value assets with acquisition costs of more than € 150 acquired on or after 1 March 2010 are depreciated in line with their respective useful lives.

Financial assets are measured at cost less impairment losses in cases where value impairments are expected to be permanent.

Receivables and other assets are recognised at nominal value. Individual risks are accounted for with corresponding individual allowances. Non-interest-bearing receivables are recognised at present value. Discounting is based on a congruent risk-free interest rate.

Provisions account for all identifiable risks and uncertain liabilities. Provisions are recognised at the amount required by prudent commercial assessment.

Liabilities are measured at their respective repayment amounts.

Foreign-currency receivables and liabilities are translated at the exchange rate on the date on which they arise. Foreign-currency receivables and liabilities with remaining terms of one year or less are measured using the median spot rate on the balance sheet date. In the case of longer-term foreign-currency receivables and liabilities, exchange rate losses are recognised as of the balance sheet date, while no account is taken of measurement gains.

As the company forms part of a fiscal unity with HORNBACH-Baumarkt-AG, deferred taxes are recognised on the level of the controlling company.

Notes on the Balance Sheet

(1) Non-current assets

Non-current assets developed as follows in the 2011/2012 financial year:

€ 000s	Acquisition cost 1.3.2011	Additions	Disposals
Property, plant and equipment			
Other assets, plant and office equipment	165	51	47
	165	51	47
Financial assets			
Investments in associates and participating interests	109,880	0	0
	109,880	0	0
Total	110,045	51	47

Acquisition cost 29.2.2012	Depreciation and amortisation (cumulative)	Carrying amount 29.2.2012	Carrying amount 28.2.2011	Depreciation and amortisation (financial year)
169	124	45	17	23
169	124	45	17	23
109,880	16,574	93,306	109,627	16,321
109,880	16,574	93,306	109,627	16,321
110,049	16,698	93,351	109,644	16,344

Of the write-downs of financial assets, an amount of € 16.3 million relates to HORNBAACH Centrala SRL, Domnesti, Romania.

(2) Current assets

Of receivables due from associates of HORNBAACH International GmbH, an amount of € 27,184k results from group financing (previous year: € 0k). This has been netted against the profit transfer of € 16,757k (previous year: liability of € 21,588k). The other receivables relate to trade receivables of € 217k (previous year: € 62k).

Other assets mainly relate to two deposits of € 2,041k (previous year: € 1,995k). These serve to secure potential retrospective claims to purchase price reductions on the part of the buyer of the shares in two Austrian real estate companies. These items have maximum terms of ten years.

(3) Shareholders' equity

By resolution dated 25 October 2011, the company's share capital of € 5,112,918.81 was increased by € 24,887,081.19 to € 30,000,000.00.

By resolution dated 25 October 2011, the capital reserve was increased by € 55,548,324.75 from € 20,451,675.25 to € 76,000,000.00.

(4) Provisions

Provisions include internal and external year-end expenses.

(5) Liabilities

	29.2.2012	28.2.2011
	€ 000s	€ 000s
Liabilities to associates	0	86,110
of which with remaining terms of up to 1 year	0	21,587
of which with remaining terms of more than 5 years	0	61,447
	0	86,110

Of the liabilities to associates in the previous year, an amount of € 86.1 million related to liabilities towards the shareholder HORNBACH-Baumarkt-Aktiengesellschaft. Of these, € 64.5 million resulted from group financing and € 21.6 million from profit transfer obligations.

(6) Contingent liabilities

As in the previous year, a letter of comfort has been issued in favour of associates. The maximum amount of any potential obligation arising as a result has not been quantified.

In the context of the promissory note bonds taken up at HORNBACH Baumarkt CS spol s.r.o., Czech Republic, and HORNBACH Baumarkt (Schweiz) AG, Switzerland, the two companies HORNBACH International GmbH, Bornheim bei Landau/Pfalz, and HORNBACH-Baumarkt-AG, Bornheim bei Landau/Pfalz, act as guarantors with joint and several liability towards Landesbank Baden-Württemberg, Stuttgart, and guarantee the punctual payment of all amounts maturing and outstanding due to or in connection with the promissory note bonds.

Within the framework of the promissory note bond taken up by HORNBACH-Baumarkt-AG on 30 June 2011, HORNBACH International GmbH acts as guarantor towards Landesbank Baden-Württemberg, Stuttgart, and guarantees the punctual payment of all amounts maturing and outstanding in connection with the promissory note bond.

Based on a syndicated loan agreement dated 23 November 2011, HORNBACH-Baumarkt-AG agreed a syndicated credit line of € 250 million with a term running until 14 December 2016. The previous syndicated credit line of € 200 million dating from 2006 was thus prematurely redeemed. In this agreement, HORNBACH International GmbH acts as guarantor and guarantees the punctual payment of all amounts relating to the contract.

Notes on the Income Statement

The income statement has been prepared using the total cost method.

(7) Income from participating interests

The income of € 33,232k from participating interests (previous year: € 22,134k) includes profit distributions from the following subsidiaries:

	2011/2012 € 000s	2010/2011 € 000s
HORNBACH Holding B.V., Netherlands	0	5,000
HORNBACH BAUMARKT CS spol s.r.o., Czech Republic	9,180	12,134
HORNBACH Baumarkt (Schweiz) AG, Switzerland	19,452	0
HORNBACH Baumarkt Luxemburg SARL, Luxembourg	4,600	5,000
	33,232	22,134

(8) Other operating income

Other operating income mainly results from realised translation differences of € 127k (previous year: € 0k) and from the charging on of expenses to associates.

(9) Other operating expenses

Other operating expenses mainly include expenses of € 226k from realised translation differences (previous year: € 0k), legal and advisory expenses and group allocations.

(10) Interest result

	2011/2012 € 000s	2010/2011 € 000s
Other interest and similar income	655	169
of which from associates	610	131
Interest and similar expenses	705	650
of which from associates	705	650
	-50	-481

Other Disclosures

A control and profit transfer agreement is in place with HORNBACH-Baumarkt-Aktiengesellschaft, Bornheim bei Landau/Pfalz.

The management comprised the following individuals in the 2011/2012 financial year:

Roland Pelka

Member of Board of Management (Deputy Chairman)
of HORNBACH-Baumarkt-AG

Frank Brunner

Member of Board of Management
of HORNBACH-Baumarkt-AG

since 5 July 2011

Matthias Meulenber

Managing Director
of HORNBACH International GmbH

since 1 March 2012

Hans-Joachim Perret

Authorised Representative
of HORNBACH-Baumarkt-AG

until 27 July 2011

Manfred Valder

Member of Board of Management
of HORNBACH-Baumarkt-AG

until 29 February 2012

The annual financial statements of HORNBACH International GmbH, Bornheim bei Landau/Pfalz, are included in the consolidated financial statements of HORNBACH-Baumarkt-Aktiengesellschaft, Bornheim bei Landau/Pfalz, with exemption status thereby accorded to the company pursuant to § 291 (2) of the German Commercial Code (HGB). These consolidated financial statements are in turn included in the consolidated financial statements of HORNBACH HOLDING Aktiengesellschaft, Neustadt/Weinstrasse. The consolidated financial statements (HORNBACH-Baumarkt-Aktiengesellschaft and HORNBACH HOLDING Aktiengesellschaft) are published in the electronic Federal Official Gazette (Bundesanzeiger).

Bornheim bei Landau/Pfalz, 26 April 2012

(Roland Pelka)

(Frank Brunner)

(Matthias Meulenber)

Auditor's Report

To the HORNBACH International GmbH

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system of the HORNBACH International GmbH for the business year from 1 March 2011 to 29 February 2012. The maintenance of the books and records and the preparation of the annual financial statements in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB [„Handelsgesetzbuch“: „German Commercial Code“] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with principles of proper accounting are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records and the annual financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the HORNBACH International GmbH in accordance with principles of proper accounting.

Frankfurt am Main, 26 April 2012

KPMG AG
Wirtschaftsprüfungsgesellschaft

Bertram
German Public Auditor

Kunisch
German Public Auditor

Unaudited Cash Flow Statement according to German Accounting Standard No. 2 (GAS 2)

for the period from 1 March 2011 to 29 February 2012

	2011/2012 € 000s	2010/2011 € 000s
Net income before transfer of profit due to profit and loss transfer agreement	16,757	21,588
Depreciation of property, plant and equipment and write-downs of financial assets	16,344	38
Change in provisions	(2)	(10)
Gains/losses on disposals of non-current assets	(159)	0
Change in inventories, trade receivables and other assets	(190)	(104)
Change in trade payables and other liabilities	15	(96)
Cash flow from operating activities	32,909	21,416
Proceeds from disposal of non-current assets	16	0
Payments for investments in property, plant, and equipment	(51)	0
Payments for investments in financial assets	0	(3,000)
Cash flow from investing activities	(35)	(3,000)
Proceeds from capital increases	80,435	0
Proceeds from group financing activities	(113,309)	(18,416)
Cash flow from financing activities	(32,874)	(18,416)
Cash-effective change in cash and cash equivalents	0	0
Cash and cash equivalents at March 1	0	0
Cash and cash equivalents at February 28/29	0	0

**Unaudited Interim German GAAP Financial Statements of
HORNBACH International GmbH, Bornheim, Germany,
for the first nine months of the financial year 2012/2013 as of 30 November 2012**

Balance Sheet

as of 30 November 2012

Assets		30.11.2012 € 000s	29.2.2012 € 000s
A. Non-current assets			
I. Property, plant and equipment			
Other assets, plant and operating equipment		73	45
		73	45
II. Financial assets			
Investments in associates and participating interests		93,306	93,306
		93,379	93,351
B. Current assets			
I. Receivables and other assets			
1. Receivables from associates		10,610	10,644
2. Other assets		2,065	2,042
		12,675	12,686
		106,054	106,037

Shareholders' equity and liabilities		30.11.2012 € 000s	29.2.2012 € 000s
A. Shareholders' equity			
I. Share capital		30,000	30,000
II. Capital reserve		76,000	76,000
III. Revenue reserves			
Other revenue reserves		19	19
		106,019	106,019
B. Provisions			
Other provisions		29	18
		29	18
C. Liabilities			
Trade payables		6	0
		6	0
		106,054	106,037

Income Statement

for the period from 1 March 2012 to 30 November 2012

	Notes	First Nine Months 2012/2013 € 000s	First Nine Months 2011/2012 € 000s
1. Income from participating interests	1	41,916	33,232
2. Other operating income		49	52
3. Depreciation of property, plant and equipment		11	20
4. Other operating expenses		46	254
of which from foreign currency		0	226
5. Interest result	2	541	-291
6. Result of ordinary operating activities		42,449	32,719
7. Profit transferred due to profit and loss transfer agreement		-42,449	-32,719
8. Annual net surplus		0	0

Abridged notes

Accounting policies

The unaudited interim report of HORNBAACH International GmbH as of 30 November 2012 has been prepared in accordance with the requirements of the German Commercial Code (HGB) and the German Limited Liability Company Act (GmbHG). The accounting policies applied in the preparation of the interim report are basically consistent with those applied in the audited annual financial statements as of 29 February 2012. Reference is made to these financial statements on account of the additional information they contain as to the specific accounting and valuation methods applied. The notes included therein also apply to this interim report. Furthermore, this interim report is consistent with German Accounting Standard No. 16 (DRS 16) – Interim Reporting – of the German Accounting Standards Committee (DRSC).

The income statement has been prepared using the total cost method. To enhance clarity of presentation, individual items have been pooled in the balance sheet and income statement. Individual items have been reported separately in the notes.

List of shareholdings

There have been no changes in the shareholdings held in associates and participating interests of HORNBAACH International GmbH compared with the annual financial statements as of 29 February 2012.

(1) Income from participating interests

The income of € 41,916k (previous year: € 33,232k) includes profit distributions from the following subsidiaries:

	First Nine Months 2012/2013 € 000s	First Nine Months 2011/2012 € 000s
HORNBAACH Holding B.V., Netherlands	13,000	0
HORNBAACH BAUMARKT CS spol s.r.o., Czech Republic	0	9,180
HORNBAACH Baumarkt (Schweiz) AG, Switzerland	23,316	19,452
HORNBAACH Baumarkt Luxemburg SARL, Luxembourg	4,000	4,600
HORNBAACH Baumarkt SK spol s.r.o, Slovakia	1,600	0
	41,916	33,232

(2) Interest result

	First Nine Months 2011/2012 € 000s	First Nine Months 2010/2011 € 000s
Other interest and similar income	541	414
Income from guarantee fees	431	335
of which from associates	431	335
Interest income	110	79
of which from associates	87	34
Interest and similar expenses	0	705
Interest expenses	0	705
of which to associates	0	705
	541	-291

(3) Contingent liabilities

There have been no material changes compared with 29 February 2012.

(4) Other disclosures

A control and profit transfer agreement has been concluded with HORNBACH-Baumarkt-Aktiengesellschaft, Bornheim bei Landau/Pfalz.

The management comprised the following individuals as of 30 November 2012:

Roland Pelka

Member of Board of Management (Deputy Chairman)
of HORNBACH-Baumarkt-AG

Frank Brunner

Member of Board of Management
of HORNBACH-Baumarkt-AG

Matthias Meulenberg

Managing Director
of HORNBACH International GmbH

since 1 March 2012

Bornheim bei Landau/Pfalz, 19 December 2012

NAMES AND ADDRESSES

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Germany

GUARANTOR

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Germany

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